UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 40-F

¨ **REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

x **ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended **June 30, 2020** Commission File Number: **001-38691**

AURORA CANNABIS INC.

(Exact name of Registrant as specified in its charter)

British Columbia, Canada	**2833**	**N/A**
(Province or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code)*	*(I.R.S. Employer Identification No.)*

4818 31 Street East
Edmonton International Airport
Edmonton, Alberta,
Canada T9E 0V6
Tel: 1-844-928-7672
(Address and telephone number of Registrant's principal executive offices)

CORPORATION SERVICE COMPANY
251 Little Falls Drive
County of New Castle
Wilmington, Delaware 19808
Tel: 1-800-927-9800
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Shares, no par value	**ACB**	**New York Stock Exchange**
Rights to purchase Common Shares, without par value		

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this Form:

x Annual Information Form x Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the Registrant's classes of capital or common stock as of the close of the period covered by the annual report: 115,228,811

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes x No ¨

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ¨

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ¨

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

INTRODUCTORY INFORMATION

Aurora Cannabis Inc. (the "**Company**" or "**Aurora**") is a "foreign private issuer" as defined in Rule 3b-4 under Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is a Canadian issuer eligible to file its annual report pursuant to Section 13 of the Exchange on Form 40-F pursuant to the multi-jurisdictional disclosure system (the "**MJDS**") adopted by the United States Securities and Exchange Commission (the "**SEC**"). The Company's common shares are listed on the Toronto Stock Exchange and the New York Stock Exchange under the trading symbol "ACB".

In this annual report, references to "we", "our", "us", the "Company" or "Aurora", mean Aurora Cannabis Inc. and our wholly owned subsidiaries, unless the context suggests otherwise.

Unless otherwise indicated, all amounts in this annual report are in Canadian dollars and all references to "$" mean Canadian dollar and references to "U.S. dollars" or "US$" are to United States dollars.

AUDITED FINANCIAL STATEMENTS, MANAGEMENT'S DISCUSSION AND ANALYSIS AND ANNUAL INFORMATION FORM

The following principal documents are filed as exhibits to, and incorporated by reference into, this Annual Report:

Document	Exhibit No.
Audited consolidated financial statements of the Company and notes thereto as at and for the year ended June 30, 2020, together with the report thereon of the independent registered public accounting firm	99.5
Management's Discussion and Analysis of the Company for the year ended June 30, 2020 (the " **2020 MD&A**")	99.6
Annual Information Form of the Company for the year ended June 30, 2020 (the " **AIF**")	99.7

FORWARD-LOOKING STATEMENTS

This Annual Report includes or incorporates by reference certain statements that constitute "forward-looking statements" within the meaning of the United States *Private Securities Litigation Reform Act of 1995* (collectively, "**forward-looking statements**" or "**FLS**"). These forward-looking statements are made as of the date of this Annual Report and the Company does not intend, and does not assume any obligation, to update these FLS, except as required under applicable securities legislation. FLS relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events. In certain cases, FLS can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature FLS involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the FLS. The Company provides no assurance that FLS will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on FLS. Certain FLS in this Annual Report and the documents incorporated by reference include, but are not limited to the following:

- pro forma measures including revenue, expected SG&A run-rates, and grams produced;
- the completion of construction of production facilities, associated costs, and receipt of licenses from Health Canada to produce and sell cannabis and cannabis related products from these facilities;
- strategic investments and capital expenditures, and related benefits;
- future strategic plans;
- growth in the global consumer use cannabis market;
- expectations regarding production capacity, costs and yields;
- product sales expectations and corresponding forecasted increases in revenues; and
- the impact of the COVID-19 pandemic on the Company's business, operations, capital resources and/or financial results.

The above and other aspects of the Company's anticipated future operations are forward-looking in nature and, as a result, are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these FLS are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Such FLS are estimates reflecting the Company's best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements. These risks include, but are not limited to, the ability to retain key personnel, the ability to continue investing in infrastructure to support growth, the ability to obtain financing on acceptable terms, the continued quality of our products, customer experience and retention, the development of third party government and non-government consumer sales channels, management's estimates of consumer demand in Canada and in jurisdictions where the Company exports, expectations of future results and expenses, the availability of additional capital to complete construction projects and facilities improvements, the risk of successful integration of acquired business and operations, management's estimation that SG&A will grow only in proportion of revenue growth, the ability to expand and maintain distribution capabilities, the impact of competition, the general impact of financial market conditions, the yield from cannabis growing operations, product demand, changes in prices of required commodities, competition, and the possibility for changes in laws, rules, and regulations in the industry, epidemics, pandemics or other public health crises, including the current outbreak of COVID-19, as well as updates provided herein.
See also "Description of the Business - Risk Factors" in the AIF. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such information. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

Should one or more of these risks or uncertainties materialize, or should underlying factors or assumptions prove incorrect, actual results may vary materially from those described in forward looking statements. Material factors or assumptions involved in developing forward-looking statements include, without limitation, publicly available information from governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable.

Although the Company believes that the expectations conveyed by the forward-looking statements are reasonable based on the information available to the Company on the date hereof, no assurance can be given as to future results, approvals or achievements. Forward-looking statements contained in this Annual Information Form and in the documents incorporated by reference herein are expressly qualified by this cautionary statement. The Company disclaims any duty to update any of the forward-looking statements after the date of this Annual Information form except as otherwise required by applicable law.

This discussion, and the discussion of risk factors contained in the AIF and MD&A incorporated by reference herein, are not exhaustive of the factors that may affect any of forward-looking statements or information concerning the Company.

NOTE TO UNITED STATES READERS: DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Company is permitted to prepare this Annual Report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Company has historically prepared its consolidated financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, which differ in certain respects from United States generally accepted accounting principles ("**US GAAP**") and from practices prescribed by the SEC. Therefore, the Company's financial statements incorporated by reference in this Annual Report may not be comparable to financial statements prepared in accordance with U.S. GAAP.

CURRENCY

Unless otherwise indicated, all dollar amounts in this Annual Report are in Canadian dollars. The exchange rate of Canadian dollars into United States dollars, on June 30, 2020 based upon the daily exchange rate as quoted by the Bank of Canada was U.S.$1.00 = Cdn$1.3628.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The information provided in the section entitled “Internal Controls over Financial Reporting” under the sub-heading “Disclosure Controls and Procedures” contained in the 2020 MD&A filed as Exhibit 99.6 to this Annual Report on Form 40-F is incorporated by reference herein.

Management’s Annual Report on Internal Controls over Financial Reporting

The information provided in the section entitled “Internal Controls Over Financial Reporting” under the sub-heading “Management’s Assessment on Internal Control over Financial Reporting” contained in the 2020 MD&A filed as Exhibit 99.6 to this Annual Report on Form 40-F is incorporated by reference herein.

Attestation Report of the Registered Public Accounting Firm

The disclosure provided under the heading “Report of Independent Registered Public Accounting Firm to the Shareholders and Board of Directors of Aurora Cannabis Inc. - Opinions on the Financial Statements and Internal Control over Financial Reporting” contained in the Company’s audited annual financial statements filed as Exhibit 99.5 to this Annual Report on Form 40-F is incorporated by reference herein.

Changes in Internal Control over Financial Reporting

The information provided in the section entitled “Internal Controls Over Financial Reporting” under the sub-heading “Material Changes to the Control Environment and Other Matters” contained in the 2020 MD&A filed as Exhibit 99.6 to this Annual Report on Form 40-F is incorporated by reference herein.

CORPORATE GOVERNANCE

The Company’s Board of Directors (the “**Board**”) is responsible for the Company’s corporate governance and has the following independent designated standing committees: the Nominating and Corporate Governance Committee, the Human Resources and Compensation Committee, the Audit Committee and the Science Committee. The charters of each committee can be viewed on the Company’s corporate website at https://investor.auroramj.com/about-aurora/corporate-governance/. In addition, the Company’s Audit Committee Charter is attached as Schedule “A” to the Annual Information Form, which is filed as Exhibit 99.7 to this Annual Report.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee (the “**N&CG Committee**”) is responsible for screening nominees to the Board. The N&CG Committee annually assesses the skills and qualifications of directors and nominees to ensure the members of the board of directors have the requisite skills and qualifications to meet the current needs of the Company. This N&CG Committee meets as required to review and make recommendations to the board of directors on all direct and indirect compensation, benefits and perquisites for senior management and directors of the Company. The N&CG Committee is comprised of Norma Beauchamp (Chair), Ron Funk and Adam Szweras. The Board has determined that all of the members of the N&CG Committee are independent, based on the criteria for independence prescribed by Section 303A.02 of the NYSE Listed Company Manual.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee (the “**HR&C Committee**”) is responsible for (a) reviewing and approving directors’ and executive compensation based on the Company’s goals and objectives, (b) reviewing and approving the Company’s incentive compensation and equity-based plans and arrangements, and (c) reporting regularly to the Board on the activities of the HR&C Committee. To make its recommendation on directors’ and executive officer compensation, the HR&C Committee takes into account the types of compensation and the amounts paid to directors and executive officers of comparable publicly traded Canadian companies. The HR&C Committee is comprised of Adam Szweras (Chair), Norma Beauchamp, Ron Funk and Margaret Shan Atkins. The Board has determined that all of the mem

bers of the HR&C Committee are independent, based on the criteria for independence prescribed by Section 303A.02 of the NYSE Listed Company Manual.

Science and Innovation Committee

The Science and Innovation Committee reviews all ongoing research initiatives, provides strategic advice and brings recommendations to the Board and management regarding all scientific matters involving the Company's research and discovery science programs, including research progress, strategic research direction, research team governance, research priorities, the acquisition of potential product opportunities and new research team nominees. The Science and Innovation Committee is comprised of Lance Friedmann (Chair), Ron Funk and Michael Detlefsen. The Board has determined that all of the members of the Committee are independent, based on the criteria for independence prescribed by Section 303A.02 of the NYSE Listed Company Manual.

AUDIT COMMITTEE

Our Board has established an independent Audit Committee in accordance with Section 3(a)(58)(A) of the Exchange Act and Section 303A.06 of the NYSE Listed Company Manual for the purpose of overseeing our accounting and financial reporting processes and the audit of our annual financial statements.

The Audit Committee is comprised of Margaret Shan Atkins (Chair), Ron Funk, Michael Detlefsen and Lance Friedmann. Our Board has determined that the Audit Committee meets the composition requirements set forth by Section 303A.07 of the NYSE Listed Company Manual, and that each of the members of the Audit Committee is independent as determined under Rule 10A-3 of the Exchange Act and Section 303A.02 of the NYSE Listed Company Manual. All four members of the Audit Committee are financially literate, meaning they are able to read and understand the Company's financial statements and to understand the breadth and level of complexity of the issues that can reasonably be expected to be raised in the Company's financial statements.

Our Board has determined that Margaret Shan Atkins and Michael Detlefsen each qualify as an "audit committee financial expert" (as defined in paragraph (8)(b) of General Instruction B to Form 40-F), have financial management expertise (pursuant to section 303A.07 of the NYSE Listed Company Manual) and are independent (as determined under Exchange Act Rule 10A-3 and section 303A.02 of the NYSE Listed Company Manual).

PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES PROVIDED BY INDEPENDENT AUDITOR

The Audit Committee Charter sets out responsibilities regarding the provision of non-audit services by the Company's external auditors and requires the Audit Committee to pre-approve all permitted non-audit services to be provided by the Company's external auditors, in accordance with applicable law.

PRINCIPAL ACCOUNTING FEES AND SERVICES - INDEPENDENT AUDITORS

The following table sets forth information regarding amounts billed to us by our independent auditor for each of our last two fiscal years ended June 30 in Canadian dollars:

Financial Period Ending	Audit Fees ($)[1]	Audit Related Fees ($)[2]	Tax Fees ($)[3]	All Other Fees ($)[4]
2020	2,856,480	231,120	255,010	—
2019	1,395,500 [5]	279,341 [5]	967,352	—

Notes

(1) "Audit Fees" includes fees for the performance of the annual audit and quarterly reviews of the financial statements, which includes the audit of significant transactions and matters.

(2) "Audit-Related Fees" includes fees for assurance related services that have not been reflected under (1). This includes, but is not limited to, services in connection with registration statements such as due diligence procedures or issuance of comfort letters and audit or attest services not required by legislation or regulation.

(3) "Tax Fees" includes fees for tax compliance, tax planning, tax structuring and tax advice.

(4) "All Other Fees" refers to fees for ad hoc projects, which include reviews of prospectus and financing documents.

(5) Fees related to prospectus and related assistance to underwriters of $260,000 were reclassified from Audit Fees to Audit Related Fees.

Audit Committee Pre-Approval Policies

From time to time, management of the Company recommends to, and requests approval from, the audit committee for audit and non-audit services to be provided by the Company's auditor.

The Audit Committee may delegate to one or more of its members the authority to pre-approve non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor. The pre-approval of non-audit services must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.

The Audit Committee may satisfy its duty to pre-approve non-audit services by adopting specific policies and procedures for the engagement of the non-audit services, provided the policies and procedures are detailed as to the particular service, the Audit Committee is informed of each non-audit service and the procedures do not include delegation of the Audit Committee's responsibilities to management.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any "off-balance sheet arrangements", as defined in General Instruction B(11) to Form 40-F, that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

CODE OF ETHICS

We have adopted a Code of Business Conduct and Ethics (the " **Code**") that applies to our officers (including without limitation, the CEO, CFO and other high-ranking executive officers), employees and directors of the Company and its subsidiaries and promotes, among other things, honest and ethical conduct. The Code meets the requirements for a "code of ethics" within the meaning of that term under Form 40-F. The Code of Ethics was last reviewed and approved by the Company's Board of Directors on April 24, 2020. The Code is available under the Company's profile on www.SEDAR.com and on the Company's website at https://investor.auroramj.com/about-aurora/corporate-governance/.

During the fiscal year ended June 30, 2020, amendments were made to the Code to prohibit the direct supervision of one family member or related person by another under any circumstances. Except for summer and co-op students, indirect supervision of a family member or related person by another is also not permitted under any circumstance. For the purpose of the Code, the term "family member" includes a spouse or domestic/common-law partner, children, parents, siblings, a grandparent or grandchild, an aunt or uncle, a first cousin, a niece or nephew, and any corresponding in-law, step, or foster relation. The term "related person" includes any individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship, and any individual in a consensual romantic relationship with the employee occurring within the last two years, which includes, but is not limited to , common-law, dating, engagement, sexual or other intimate relationships.

During the fiscal year ended June 30, 2020, no waivers of the Code were granted to any principal officer of the Company or any person performing similar functions.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table lists, as of June 30, 2020, information with respect to the Company's known contractual obligations (in thousands):

		Payments due by period			
	Total ($)	**Less than one year ($)**	**1 - 3 years ($)**	**3 - 5 years ($)**	**More than 5 years ($)**
Long-Term Debt Obligations [1]	694,582	148,885	51,539	494,158	—
Lease Obligations	171,868	11,243	32,643	27,468	100,514
Contingent Consideration [2]	101,466	66,426	35,040	—	—
Purchase Obligations [3]	30,578	21,281	4,132	4,132	1,033
License and sponsorship fees [4]	141,397	2,851	46,460	50,880	41,206
Other long-term liabilities [5]	5,773	—	—	1,827	3,946
Total	1,145,664	250,686	169,814	578,465	146,699

Notes:

(1) Long-term debt obligations include bank loans and convertible debentures.

(2) Contingent consideration represents the gross amount estimated to be paid out on achievement of future performance milestones related to acquisitions.

(3) Purchase obligations include capital commitments,and purchase commitments relating to a manufacturing agreement for the encapsulation of softgels.

(4) On September 8, 2020, the Company and UFC mutually terminated its partnership for a one-time payment of US$30.0 million.

(5) Other long-term liabilities reflected on the balance sheet as at June 30, 2020, includes derivative liabilities and deferred tax liabilities.

NOTICES PURSUANT TO REGULATION BTR

There were no notices required by Rule 104 of Regulation BTR that the Company sent during the year ended June 30, 2020 concerning any equity security subject to a blackout period under Rule 101 of Regulation BTR.

NYSE CORPORATE GOVERNANCE

The Company complies with corporate governance requirements of both the TSX and the NYSE. As a foreign private issuer the Company is not required to comply with all of the corporate governance requirements of the NYSE; however, the Company adopts best practices consistent with domestic NYSE listed companies when appropriate to its circumstances.

The Company has reviewed the NYSE corporate governance requirements and confirms that, except as described below, the Company is in compliance with the NYSE corporate governance standards in all significant respects:

***Shareholder Meeting Quorum Requirement*:** The NYSE is of the opinion that the quorum required for any meeting of shareholders should be sufficiently high to ensure a representative vote. The Company's quorum requirement is set forth in its Articles. A quorum for a meeting of shareholders of the Company is present if there are two persons who are, or who represent by proxy, one or more shareholders who, in the aggregate, hold at least five percent of the issued common shares. This is consistent with the laws, customs and practices in Canada.

***Proxy Delivery Requirement*:** The NYSE requires the solicitation of proxies and delivery of proxy statements for all shareholder meetings and requires that these proxies shall be solicited pursuant to a proxy statement that conforms to SEC proxy rules. The Company is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act, and the equity securities of the Company are accordingly exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Exchange Act. The Company solicits proxies in accordance with applicable rules and regulations in Canada.

Shareholder Approval Requirement: The NYSE requires shareholder approval for issuances of common shares, or any securities convertible or exercisable into common shares:

(a) to directors, officers or substantial security holders of the Company (each, a " **Related Party**"), a subsidiary, affiliate or other closely-related person of a Related Party or any company or entity in which a Related Party has a substantial interest, where the number of common shares, or the number of common shares into which the securities are convertible or exercisable, exceeds either (i) 1% of the outstanding common shares before the issuance; or (ii) 1% of the voting power of the outstanding common shares before the issuance, in either case except for substantial security holders paying cash and full book and market value for less than 5% of the number of common shares and voting power outstanding before the issuance;

(b) the common shares, or the number of common shares into which the securities are convertible or exercisable, constitute at least (i) 20% of the voting power of the outstanding common shares before the issuance; or (ii) 20% of the outstanding common shares before the issuance, in either case except for public offerings of common shares for cash and private financings involving sales of common shares at a price, or securities convertible or exercisable into common shares with a conversion or exercise price, of at least the market values of the common shares; and

(c) where the issuance would result in a change of control of the Company.

The Company will follow TSX rules for shareholder approval of new issuances of its common shares, in lieu of the foregoing requirements of the NYSE. Following TSX rules, shareholder approval is required for certain issuances of shares that: (i) materially affect control of the listed issuer; or (ii) provide consideration to insiders in aggregate of 10% or greater of the market capitalization of the listed issuer, during any six-month period, and has not been negotiated at arm's length. Shareholder approval is also required, pursuant to TSX rules, in the case of private placements: (a) for an aggregate number of listed securities issuable greater than 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction if the price per security is less than the market price; or (b) that during any six month period are to insiders for listed securities or options, rights or other entitlements to listed securities greater than 10% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of the closing of the first private placement to an insider during the six month period. The rules of the TSX also require shareholder approval in connection with an acquisition by a listed issuer where the number of securities issued or issuable in payment of the purchase price for the acquisition exceeds 25% of the number of securities of the listed issuer that are outstanding, on a non-diluted basis.

Equity Compensation Plans: The NYSE also requires shareholder approval of all plans or other arrangements that provide for equity securities as compensation to employees, directors or service providers, and any material revisions to such plans or arrangements, except for certain plans and arrangements, including:

(a) those plans or arrangements allowing employees, directors or service providers to buy such securities on the open market or from the Company for current fair market value;

(b) grants of options or other equity-based compensation as a material inducement upon hiring or to new employees in connection with a merger or acquisition; and

(c) conversions, replacements or adjustments of outstanding options or other equity compensation awards to reflect a merger or acquisition.

The TSX requires shareholder approval of all security based compensation arrangements, and any material amendments to such arrangements, except for arrangements used as an inducement to persons or companies not previously employed by and not previously an insider of the listed issuer, provided that: (i) such persons or companies enter into a contract of full time employment as an officer of the listed issuer; and (ii) the number of securities made issuable to such persons or companies during any twelve month period does not exceed in aggregate 2% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date the exemption is first used during such twelve month period. Such shareholder approval is required when the security-based arrangement is instituted and every three years thereafter if the arrangement does not have a fixed maximum aggregate of securities issuable. The TSX considers

a security-based compensation arrangement to be any compensation or incentive mechanism involving the issuance from treasury or potential issuance from treasury of securities of a listed issuer.

Insiders of a listed issuer that are entitled to receive a benefit under a security-based compensation arrangement are not eligible to vote their securities in respect of the shareholder approval required by the TSX unless such security-based compensation arrangement contains an "insider participation limit". An "insider participation limit" is a provision typically found in security-based compensation arrangements which limits the number of a listed issuer's securities: (i) issued to insiders of the listed issuer, within any one-year period; and (ii) issuable to insiders of the listed issuer at any time, to 10% of the listed issuer's total issued and outstanding securities.

For the purposes of security-based compensation arrangements, the definition of "insider" would include the CEO, CFO, all directors of the listed issuer and its major subsidiaries, any person responsible for a principal business unit, division or function, and any shareholder that has beneficial ownership or control or direction over, more than 10% of the issued and outstanding common shares of the listed issuer. The Company obtains shareholder approval of its equity compensation plans in accordance with applicable rules and regulations of the TSX.

Compensation and Corporate Governance Committee Independence Requirement: The NYSE requires listed companies to have a compensation committee and a nominating/corporate governance committee, each of which must be composed entirely of independent directors, as determined using the criteria prescribed by Section 303A.02 of the NYSE Listed Company Manual. The NYSE rules permit listed companies to allocate the responsibilities of the compensation and nominating/corporate governance committees to committees of their own denomination provided that the committees are composed entirely of independent directors.

The Company has a separately designated standing Nominating and Corporate Governance Committee, and a separately designated standing Human Resources and Compensation Committee. The Board of Directors has determined that all members of these committees are independent.

The foregoing is consistent with the laws, customs and practices in Canada.

MINE SAFETY DISCLOSURE

Not applicable.

UNDERTAKING

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

The Company has previously filed with the SEC a written consent to service of process on Form F-X. Any change to the name or address of the Company's agent for service shall be communicated promptly to the SEC by amendment to the Form F-X referencing the file number of the Company.

[signature page follows]

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Company certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: September 24, 2020

AURORA CANNABIS INC.

By: */s/ Glen Ibbott*

Glen Ibbott
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Exhibit Description
99.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.3	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.4	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.5	Audited consolidated financial statements of the Company and notes thereto as at and for the year ended June 30, 2020, together with the report thereon of the independent auditor
99.6	Management's Discussion and Analysis for the year ended June 30, 2020
99.7	Annual Information Form of the Company for the year ended June 30, 2020
99.8	Consent of KPMG LLP
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

CERTIFICATION

I, Miguel Martin, certify that:

1. I have reviewed this annual report on Form 40-F of Aurora Cannabis Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: September 24, 2020

By: /s/ Miguel Martin
Miguel Martin
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Glen Ibbott, certify that:

1. I have reviewed this annual report on Form 40-F of Aurora Cannabis Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: September 24, 2020

By: /s/ Glen Ibbott
Glen Ibbott
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Aurora Cannabis Inc. (the "Company") on Form 40-F for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Miguel Martin, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

September 24, 2020

By: /s/ Miguel Martin

Miguel Martin
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Aurora Cannabis Inc. and will be retained by Aurora Cannabis Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Aurora Cannabis Inc. (the "Company") on Form 40-F for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Glen Ibbott, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

September 24, 2020

By: /s/ Glen Ibbott
Glen Ibbott
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Aurora Cannabis Inc. and will be retained by Aurora Cannabis Inc. and furnished to the Securities and Exchange Commission or its staff upon request.



AURORA CANNABIS INC.

Consolidated Financial Statements

For the years ended June 30, 2020 and 2019
(In Canadian Dollars)

Table of Contents

Management's Responsibility for Financial Reporting 1
Report of Independent Registered Public Accounting 2
Consolidated Statements of Financial Position 7
Consolidated Statements of Comprehensive Loss 8
Consolidated Statements of Changes in Equity 10
Consolidated Statements of Cash Flows 12
Notes to the Consolidated Financial Statements

Note 1	Nature of Operations	13	Note 16	Loans and Borrowings	46
Note 2	Significant Accounting Policies and Judgments	13	Note 17	Share Capital	49
Note 3	Restructuring Provision	18	Note 18	Share-Based Compensation	52
Note 4	Accounts Receivable	18	Note 19	(Loss) Earnings Per Share	54
Note 5	Strategic Investments	19	Note 20	Other (Losses) Gains	54
Note 6	Marketable Securities and Derivatives	23	Note 21	Supplementary Cash Flow Information	55
Note 7	Investments in Associates and Joint Ventures	25	Note 22	Income Taxes	56
Note 8	Biological Assets	26	Note 23	Related Party Transactions	59
Note 9	Inventory	27	Note 24	Commitments and Contingencies	60
Note 10	Property, Plant and Equipment	29	Note 25	Revenue	62
Note 11	Assets Held for Sale and Discontinued Operations	32	Note 26	Segmented Information	63
Note 12	Business Combinations	33	Note 27	Fair Value of Financial Instruments	64
Note 13	Non-Controlling Interests	38	Note 28	Financial Instruments Risk	66
Note 14	Intangible Assets and Goodwill	39	Note 29	Capital Management	68
Note 15	Convertible Debentures	44	Note 30	Subsequent Events	68

Management's Responsibility

To the Shareholders of Aurora Cannabis Inc.:

Management is responsible for the preparation and presentation of the consolidated financial statements and accompanying note disclosures in accordance with International Financial Reporting Standards. This responsibility includes selection of appropriate accounting policies and principles as well as decisions related to significant estimates and areas of judgment.

In discharging its responsibilities to support the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information.

The Board of Directors and Audit Committee are primarily composed of independent Directors. The Board is responsible for the oversight of management in the performance of its financial reporting responsibilities and approval of the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

KPMG LLP, an independent firm of Chartered Professional Accountants, has been appointed by the Company's shareholders to audit the consolidated financial statements and report directly to them. The external auditors have full and free access to the Audit Committee and management to discuss their audit findings.

September 24, 2020

"Miguel Martin"
Miguel Martin
Chief Executive Officer

"Glen Ibbott"
Glen Ibbott
Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Aurora Cannabis Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Aurora Cannabis Inc. (the Company) as of June 30, 2020 and 2019, the related consolidated statements of comprehensive loss, changes in equity, and cash flows for each of the years in the two-year period ended June 30, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the two-year period ended June 30, 2020, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2020, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated September 24, 2020 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principles

As discussed in Note 2(h) to the consolidated financial statements, the Company has elected to change its method of accounting for inventory costing of by-products as of July 1, 2018. As discussed in Note 2(i) to the consolidated financial statements, the Company has changed its method of accounting for leases as of July 1, 2019 due to the adoption of IFRS 16, *Leases*.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of goodwill and intangible assets in the cannabis operating segment

As discussed in Note 14 to the consolidated financial statements, the goodwill and intangible asset balances as of June 30, 2020 were in total $1,340,699 thousand, which included goodwill and intangibles related to the Cannabis operating segment. The Company performs impairment testing on an annual basis or whenever events or changes in circumstances indicate that the carrying value of a cash generating unit ("CGU") might exceed its recoverable amount, which is determined using the fair value less costs of disposal method. The significant assumptions were determined to be estimated sales volumes, selling prices, operating costs and discount rates.

We identified the assessment of the fair value of goodwill and intangible assets in the Cannabis operating segment as a critical audit matter. There was a high degree of auditor judgment required to evaluate the significant assumptions used in determining the recoverable amount which required the use of professionals with specialized skills and knowledge. The sensitivity of reasonably possible changes to those assumptions could have a significant impact on the determination of the recoverable amount of the Cannabis operating segment and the Company's assessment of impairment.

The following are the primary procedures we performed to address this critical audit matter. We compared the Company's historical forecasts to actual results to assess the Company's ability to accurately estimate sales volumes, selling prices and operating costs. We evaluated the reasonableness of the Company's estimated sales volumes used in estimating the fair value, by comparing the estimated sales volumes to historical actual results of the Company, planned business initiatives, and external industry reports. We tested the estimated selling prices by comparing to actual sales prices realized in the fourth quarter and subsequent to year end. We assessed the reasonableness of operating costs by comparing the fourth quarter actual operating costs to the forecasted operating costs. In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in:

- evaluating the discount rates used in the impairment analyses by comparing them to discount rate ranges that were independently developed using publicly available market data for comparable entities; and
- performing sensitivity analyses over the discount rates to assess their impact on the determination of fair value.

Measurement of fair value of biological assets

As discussed in note 8 and 9 to the consolidated financial statements, the Company measures biological assets, defined as cannabis plants up to the point of harvest, at fair value less costs to sell. As at June 30, 2020, the recorded value of the Company's biological assets was $35,435 thousand. Biological assets are transferred from biological assets to cannabis inventory at their carrying value at the point of harvest, which becomes the deemed cost as cannabis inventory. The fair value of biological assets is measured using the income approach, which calculates the present value of expected future cash flows from the Company's biological assets. The significant assumptions used to measure the biological assets are, average yield per plant, average selling price per gram, and the allocation of indirect costs, which form part of the standard cost per gram to complete production, are considered significant assumptions.

We identified the assessment of the measurement of the fair value of biological assets as a critical audit matter as a high degree of auditor judgment was required to evaluate the significant assumptions.

The following are the primary procedures we performed to address this critical audit matter. We performed sensitivity analyses over the Company's significant assumptions used to determine the fair value of biological assets to assess the impact of changes in those assumptions on the Company's determination of fair value. We tested the average yield per plant by observing post-harvest weigh ins and by selecting harvested batches from the final inventory count listings and, as appropriate, comparing to subsequent sales transaction invoices, shipping documents, and purchase orders. We tested the average selling price per gram by comparing to actual sales prices per gram as set out in actual sales documents for transactions in the fourth quarter and subsequent to year end. We tested management's allocation of indirect costs, which form part of production costs, by assessing the allocation method, recalculating the allocations and on a selection basis comparing the underlying allocation to source documents.

/s/ KPMG LLP

We have served as the Company's auditor since 2019.

Vancouver, Canada
September 24, 2020

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Aurora Cannabis Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Aurora Cannabis Inc.'s (the Company) internal control over financial reporting as of June 30, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weaknesses, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of June 30, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of June 30, 2020 and 2019, the related consolidated statements of comprehensive loss, changes in equity, and cash flows for each of the years in the two-year period ended June 30, 2020, and the related notes (collectively, the consolidated financial statements), and our report dated September 24, 2020 expressed an unqualified opinion on those consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Material weaknesses related to an ineffective continuous risk assessment process and insufficient resources to adequately assess risk and implement controls, pervading control deficiencies within information technology general and application controls, insufficient evaluation of controls maintained by service organizations, ineffective control activities surrounding certain complex spreadsheets, and a lack of segregation of duties and ineffective controls over the preparation, review and approval, and associated documentation of journal entries have been identified and included in management's assessment. The material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2020 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

The Company acquired Reliva LLC during 2020, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of June 30, 2020, Reliva LLC's internal control over financial reporting associated with approximately 0.7% of the Company's current assets, 0.2% of total assets, 0.4% of current liabilities, 0.2% of total liabilities, as well as 0.2% of net revenues and 0% of net loss included in the consolidated financial statements of the Company as of and for the year ended June 30, 2020. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Reliva LLC.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Assessment on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included

obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Vancouver, Canada
September 24, 2020

AURORA CANNABIS INC.

Consolidated Statements of Financial Position
As at June 30, 2020 and June 30, 2019
(Amounts reflected in thousands of Canadian dollars)

	Notes	June 30, 2020	*Restated - Note 2(h)* June 30, 2019
		$	$
Assets			
Current			
Cash and cash equivalents		162,179	172,727
Restricted cash		—	46,066
Accounts receivable	4, 28(a)	54,110	103,493
Income taxes receivable		—	8,833
Marketable securities	6(a)	7,066	143,248
Derivatives	6(b)	11,791	—
Biological assets	8	35,435	50,567
Inventory	9	121,827	111,321
Prepaids and other current assets		22,137	24,323
Assets held for sale	11(a)	6,194	—
		420,739	660,578
Property, plant and equipment	10	946,380	765,567
Derivatives	6(b)	41,791	86,409
Deposits		12,329	6,926
Loan receivable	23	3,643	—
Investments in associates and joint ventures	7	18,114	118,845
Intangible assets	14	412,267	688,366
Goodwill	14	928,432	3,172,550
Total assets		2,783,695	5,499,241
Liabilities			
Current			
Accounts payable and accrued liabilities	28(b)	95,574	152,884
Deferred revenue		3,505	749
Convertible debentures	15	32,110	235,909
Loans and borrowings	16	120,508	13,758
Contingent consideration payable	27	19,604	28,137
Deferred gain on derivatives		20	728
Provisions	3, 24	1,485	4,200
		272,806	436,365
Convertible debentures	15	294,928	267,672
Loans and borrowings	16	83,701	127,486
Derivative liability	15(iii)	1,827	177,395
Other long-term liability		37	11,979
Deferred tax liability	22	3,946	90,970
Total liabilities		657,245	1,111,867
Shareholders' equity			
Share capital	17	5,785,395	4,673,118
Reserves		145,395	139,327
Accumulated other comprehensive loss		(187,197)	(143,170)
Deficit		(3,592,787)	(286,311)
Total equity attributable to Aurora shareholders		2,150,806	4,382,964
Non-controlling interests	13	(24,356)	4,410
Total equity		2,126,450	4,387,374
Total liabilities and equity		2,783,695	5,499,241

Nature of Operations (Note 1)
Strategic Investments (Note 5)
Commitments and Contingencies (Note 24)
Subsequent Events (Note 5(d), Note 30)

The accompanying notes are an integral part of these Consolidated Financial Statements.

AURORA CANNABIS INC.

Consolidated Statements of Comprehensive Loss
Years ended June 30, 2020 and 2019
(Amounts reflected in thousands of Canadian dollars, except share and per share amounts)

		Years ended June 30,	
			Restated - Note 2(h)
	Notes	2020	2019
		$	$
Revenue from sale of goods	25	323,201	271,105
Revenue from provision of services	25	5,002	7,589
Excise taxes	25	(49,297)	(33,158)
Net revenue		278,906	245,536
Cost of sales		277,234	123,778
Gross profit before fair value adjustments		1,672	121,758
Changes in fair value of inventory sold		91,825	71,821
Unrealized gain on changes in fair value of biological assets	8	(56,614)	(92,503)
Gross (loss) profit		(33,539)	142,440
Expense			
General and administration		205,276	159,069
Sales and marketing		91,271	99,272
Acquisition costs		6,493	17,217
Research and development		26,070	14,778
Depreciation and amortization	10, 14	68,414	63,343
Share-based compensation	18(a)(b)	59,899	107,039
		457,423	460,718
Loss from operations		(490,962)	(318,278)
Other (expense) income			
Interest and other income		4,990	3,679
Finance and other costs		(77,538)	(39,409)
Foreign exchange (“FX”) loss		(12,779)	(5,147)
Other (losses) gains	20	(28,643)	110,797
Restructuring charges	3	(1,947)	—
Impairment of property, plant and equipment	10, 11(a)	(157,838)	—
Impairment of investment in associates	7	(75,035)	(73,289)
Impairment of intangible assets and goodwill	14	(2,544,144)	(9,002)
		(2,892,934)	(12,371)
Loss from operations before taxes and discontinued operations		(3,383,896)	(330,649)
Income tax recovery			
Current	22	5,100	6,000
Deferred, net	22	78,303	23,909
		83,403	29,909
Net loss from continuing operations		(3,300,493)	(300,740)
Net (loss) income from discontinued operations, net of tax		(9,844)	144
Net loss		(3,310,337)	(300,596)

(Continued)

		Year ended June 30,	
			Restated - Note 2(h)
	Notes	2020	2019
		$	$
Other comprehensive (loss) income ("OCI") that will not be reclassified to net loss			
Deferred tax recovery		624	11,948
Unrealized losses on marketable securities	6(a)	(43,613)	(78,837)
		(42,989)	(66,889)
Other comprehensive (loss) income that may be reclassified to net loss			
Share of (loss) income from investment in associates	7	(379)	352
Foreign currency translation loss		(5,884)	(5,629)
		(6,263)	(5,277)
Total other comprehensive loss		(49,252)	(72,166)
Comprehensive loss from continuing operations		(3,349,745)	(372,906)
Comprehensive (loss) income from discontinued operations		(9,844)	144
Comprehensive loss		(3,359,589)	(372,762)
Net loss from continuing operations attributable to:			
Aurora Cannabis Inc.		(3,273,827)	(293,653)
Non-controlling interests		(26,666)	(7,087)
Net (loss) income from discontinued operations attributable to:			
Aurora Cannabis Inc.		(9,844)	144
Non-controlling interests		—	—
Comprehensive loss attributable to:			
Aurora Cannabis Inc.		(3,330,913)	(360,332)
Non-controlling interests		(28,676)	(12,430)
Net loss per share - basic and diluted			
Continuing operations	19	($33.84)	($3.66)
Discontinued operations	19	($0.10)	$0.00
Total operations	19	($33.94)	($3.66)

The accompanying notes are an integral part of these Consolidated Financial Statements.

AURORA CANNABIS INC.

Consolidated Statements of Changes in Equity

Years ended June 30, 2020 and 2019

(Amounts reflected in thousands of Canadian dollars, except share and per share amounts)

		Share Capital[1]		Reserves					AOCI					Restated - Note 2(h)		
	Note	Common Shares	Amount	Share-Based Compensation	Compensation Options/ Warrants	Convertible Notes	Change in Ownership Interest	Total Reserves	Fair Value	Deferred Tax	Associate OCI Pick-up	Foreign Currency Translation	Total AOCI	Retained Earnings (Deficit)	Non-Controlling Interests	Total
		#	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Balance, June 30, 2019		84,786,562	4,673,118	143,947	40,495	41,685	(86,800)	139,327	(156,249)	18,295	352	(5,568)	(143,170)	(286,311)	4,410	4,387,374
Shares issued for business combinations & asset acquisitions	17(b)(i)	2,689,933	57,420	—	—	—	—	—	—	—	—	—	—	—	—	57,420
Shares released for earn out payments		614,513	15,992	—	(7,871)	—	—	(7,871)	—	—	—	—	—	—	—	8,121
Shares issued through equity financing	17(b)(ii)	21,009,339	585,146	—	—	—	—	—	—	—	—	—	—	—	—	585,146
Share issuance costs		—	(12,507)	—	—	—	—	—	—	—	—	—	—	—	—	(12,507)
Deferred tax on share issuance costs		—	2,231	—	—	—	—	—	—	—	—	—	—	—	—	2,231
Conversion of convertible debentures	15(ii)	5,761,260	433,177	—	—	(41,266)	—	(41,266)	—	—	—	—	—	—	—	391,911
Deferred tax on convertible debentures		—	1,703	—	—	—	—	—	—	—	—	—	—	82	—	1,785
Exercise of stock options	18(a)	103,841	6,382	(3,588)	—	—	—	(3,588)	—	—	—	—	—	—	—	2,794
Exercise of warrants	17(c)	986	102	—	(29)	—	—	(29)	—	—	—	—	—	—	—	73
Exercise of RSUs	18(b)	44,823	2,268	(2,268)	—	—	—	(2,268)	—	—	—	—	—	—	—	—
Share-based compensation [2][3]	18(a)(b)	—	—	50,712	10,378	—	—	61,090	—	—	—	—	—	—	—	61,090
Change in ownership interests in subsidiaries	13	217,554	20,363	—	—	—	—	—	—	—	—	—	—	(18,263)	(2,100)	—
Choom marketable securities transferred to investment in associate	5(f)	—	—	—	—	—	—	—	5,225	(601)	—	—	4,624	(4,624)	—	—
Comprehensive income (loss) for the period		—	—	—	—	—	—	—	(43,613)	1,225	(379)	(5,884)	(48,651)	(3,283,671)	(26,666)	(3,358,988)
Balance, June 30, 2020		115,228,811	5,785,395	188,803	42,973	419	(86,800)	145,395	(194,637)	18,919	(27)	(11,452)	(187,197)	(3,592,787)	(24,356)	2,126,450

(1) Common share amounts have been retrospectively restated for all prior periods to reflect the Share Consolidation effected on May 11, 2020 (Note 2(a)).

(2) Included in share-based compensation is $10.4 million (June 30, 2019 - $15.1 million) expense relating to milestone payments for the year ended June 30, 2020 of which $5.4 million (June 30, 2019 - $7.4 million) relates to Anandia Laboratories Inc. (Note 12(b)(ii)), $4.5 million (June 30, 2019 - $7.6 million) relates to Whistler Medical Marijuana Corporation (Note 12(b)(v)), and $0.4 million (June 30, 2019 - $0.1 million) relates to an immaterial acquisition.

(3) Of the total $61.1 million share-based compensation reserve, $ 1.2 million was capitalized to property, plant and equipment for the year ended June 30, 2020 (June 30, 2019 - $2.1 million).

As at June 30, 2020, there are 50,282 shares in escrow (June 30, 2019 - 60,271 common shares). These securities were originally deposited in escrow on November 30, 2017 in connection with the acquisition of H2 Biopharma Inc. The escrowed common shares are to be released upon receipt of relevant licenses to cultivate and sell cannabis. During the year ended June 30, 2020, the Company released 9,989 escrowed common shares upon receipt of these licenses (year ended June 30, 2019 - 174,938 common shares).

The accompanying notes are an integral part of these Consolidated Financial Statements.

AURORA CANNABIS INC.

Consolidated Statements of Changes in Equity

Years ended June 30, 2020 and 2019

(Amounts reflected in thousands of Canadian dollars, except share and per share amounts)

(Continued)

		Share Capital		Reserves					AOCI					Restated - Note 2(h)		
		Common Shares	Amount	Share-Based Compensation	Compensation Options/ Warrants	Convertible Notes	Change in Ownership Interest	Total Reserves	Fair Value	Deferred Tax	Associate OCI Pick-up	Foreign Currency Translation	Total AOCI	Retained Earnings (Deficit)	Non-Controlling Interests	Total
		#	$	$	$	$	$	$	$	$		$	$		$	$
Balance, June 30, 2018		47,342,761	1,466,433	38,335	307	41,792	(85,719)	(5,285)	(539)	(55)	—	61	(533)	87,748	4,562	1,552,925
Shares issued for business combinations & asset acquisitions	17(b)(i)	35,943,803	3,060,894	75,490	27,111	—	—	102,601	—	—	—	—	—	—	—	3,163,495
Shares issued for earn out payments		20,311	18,227	—	—	—	—	—	—	—	—	—	—	—	—	18,227
Conversion of convertible debentures		27,611	1,539	—	—	(520)	—	(520)	—	—	—	—	—	—	—	1,019
Deferred tax on convertible debentures		—	—	—	—	413	—	413	—	—	—	—	—	—	—	413
Exercise of stock options	18(a)	1,202,242	108,150	(60,776)	—	—	—	(60,776)	—	—	—	—	—	—	—	47,374
Exercise of warrants	17(c)	187,685	13,903	—	(1,964)	—	—	(1,964)	—	—	—	—	—	—	—	11,939
Exercise of compensation options	17(d)	300	38	—	(21)	—	—	(21)	—	—	—	—	—	—	—	17
Exercise of RSUs	18(b)	61,849	2,482	(2,482)	—	—	—	(2,482)	—	—	—	—	—	—	—	—
Forfeited options		—	—	(674)	—	—	—	(674)	—	—	—	—	—	674	—	—
Share-based compensation	18(a)(b)	—	—	94,054	15,062	—	—	109,116	—	—	—	—	—	—	—	109,116
Contribution from non-controlling interest	13	—	—	—	—	—	—	—	—	—	—	—	—	—	5,854	5,854
Change in ownership interests in subsidiaries	13	—	—	—	—	—	(1,081)	(1,081)	—	—	—	—	—	—	1,081	—
Australis Capital first tranche private placement proceeds	5(i)	—	7,800	—	—	—	—	—	—	—	—	—	—	—	—	7,800
Australis Capital NCI reclass on loss of control		—	(6,348)	—	—	—	—	—	—	—	—	—	—	—	6,348	—
Spin-out of Australis Capital	5(i)	—	—	—	—	—	—	—	—	—	—	—	—	(151,695)	(6,348)	(158,043)
Reclass gain from Australis Capital shares on derecognition upon spin-out		—	—	—	—	—	—	—	(76,873)	6,402	—	—	(70,471)	70,471	—	—
Comprehensive income (loss) for the period		—	—	—	—	—	—	—	(78,837)	11,948	352	(5,629)	(72,166)	(293,509)	(7,087)	(372,762)
Balance, June 30, 2019		84,786,562	4,673,118	143,947	40,495	41,685	(86,800)	139,327	(156,249)	18,295	352	(5,568)	(143,170)	(286,311)	4,410	4,387,374

The accompanying notes are an integral part of these Consolidated Financial Statements.

AURORA CANNABIS INC.

Consolidated Statements of Cash Flows
Years ended June 30, 2020 and 2019
(Amounts reflected in thousands of Canadian dollars)

	Notes	Year ended June 30, 2020	*Restated - Note 2(h)* 2019
		$	$
Operating activities			
Net loss from continuing operations		(3,300,493)	(300,740)
Adjustments for non-cash items:			
Unrealized gain on changes in fair value of biological assets	8	(56,614)	(92,503)
Changes in fair value included in inventory sold		91,825	71,821
Depreciation of property, plant and equipment	10	74,314	45,362
Amortization of intangible assets	14	40,577	42,893
Share-based compensation	18(a)(b)	59,899	107,039
Non-cash acquisition costs		—	4,243
Impairment of property, plant and equipment	10	157,838	—
Impairment of investment in associate	7	75,035	73,289
Impairment of intangible assets and goodwill	14	2,544,144	9,002
Accrued interest and accretion expense	15, 16	18,591	22,798
Interest and other income		(4,835)	(265)
Deferred tax expense (recovery)		(78,303)	(23,909)
Other (losses) gains, net	20	28,643	(109,464)
Foreign exchange loss		12,779	(3,814)
Changes in non-cash working capital	21	7,643	(37,285)
Net cash used in operating activities from discontinued operations		(8,995)	(712)
Net cash used in operating activities		(337,952)	(192,245)
Investing activities			
Marketable securities and derivative investments	6	(2,000)	(50,584)
Proceeds from disposal of marketable securities and derivatives	6	90,843	46,975
Purchase of property, plant and equipment, and intangible assets	10	(355,006)	(414,190)
Disposal of property, plant and equipment	10	3,739	—
Acquisition of businesses, net of cash acquired	12	280	114,213
Payment of contingent consideration		(1,993)	(4,112)
Loan receivable		(3,643)	—
Dividends received		—	828
Deposits		(17,744)	(5,452)
Proceeds from disposal of investment in associates	5(c)	27,600	134
Net cash used in investing activities from discontinued operations		8,441	(109)
Net cash used in investing activities		(249,483)	(312,297)
Financing activities			
Proceeds from long-term loans		86,394	605,104
Repayment of long-term loans		(115,130)	(21,126)
Repayment of short-term loans		—	(238)
Repayment of convertible debenture		(2,306)	—
Payments of principal portion of lease liabilities		(7,788)	—
Proceeds from lease inducements		1,746	—
Restricted cash		46,066	(32,668)
Financing fees		(1,789)	(18,709)
Shares issued for cash, net of share issue costs		575,506	59,331
Capital contribution from non-controlling interest		—	5,854
Net cash used in financing activities from discontinued operations		(137)	—
Net cash provided by financing activities		582,562	597,548
Effect of foreign exchange on cash and cash equivalents		(5,675)	2,936
Increase (decrease) in cash and cash equivalents		(10,548)	95,942
Cash and cash equivalents, beginning of year		172,727	76,785
Cash and cash equivalents, end of year		162,179	172,727

Supplemental cash flow information (Note 21)

The accompanying notes are an integral part of these Consolidated Financial Statements.

Note 1 Nature of Operations

Aurora Cannabis Inc. (the "Company" or "Aurora") was incorporated under the *Business Corporations Act* (*British Columbia)* on December 21, 2006 as Milk Capital Corp. Effective October 2, 2014, the Company changed its name to Aurora Cannabis Inc. The Company's shares are listed on the New York Stock Exchange ("NYSE") and the Toronto Stock Exchange ("TSX") under the trading symbol "ACB", and on the Frankfurt Stock Exchange ("FSE") under the trading symbol "21P".

The Company's head office and principal address is 4818 31 Street East, Edmonton International Airport, Alberta, Canada, T9E 0V6. The Company's registered and records office address is Suite 1500 – 1055 West Georgia Street, Vancouver, BC, Canada, V6E 4N7.

The Company's principal strategic business lines are focused on the production, distribution and sale of cannabis and cannabis related products in Canada and internationally. Aurora currently conducts the following key business activities in the jurisdictions listed below:

- Production, distribution and sale of medical and consumer cannabis products in Canada pursuant to the *Cannabis Act;* and
- Distribution of wholesale medical cannabis in the European Union ("EU") pursuant to the *German Medicinal Products Act and German Narcotic Drugs Act*.

The United States ("U.S") represents the largest cannabis and hemp-derived cannabidiol ("CBD") market globally and as such, Aurora continues to evaluate its alternatives to establishing an operating footprint in the U.S. During the year ended June 30, 2020 the Company acquired Reliva, LLC (Note 12(a)(i)) as an entry into this market. As part of the U.S market strategy, we continue to consider how various state and federal regulations affect the Company's business prospects. The Company is committed to only engage in activities which are permissible under both state and federal laws.

During the year ended June 30, 2020, the Company announced a business transformation plan intended to better align the business financially with the current realities of the cannabis market in Canada while maintaining a sustainable platform for long-term growth. These actions include the rationalization of selling, general and administrative expenses through a reduction in corporate and production staff. The Company has also initiated a plan to wind down and close operations at five Canadian facilities including Aurora Prairie, Aurora Mountain, Aurora Ridge, Aurora Vie, and Aurora Eau. Refer to Note 3 for further details regarding these restructuring actions.

Note 2 Significant Accounting Policies and Judgments

IFRS requires management to make judgments, estimates, and assumptions that affect the carrying values of certain assets and liabilities and the reported amounts of income and expenses during the period. Actual results may differ from these judgments, estimates, and assumptions.

Significant accounting policies, which affect the consolidated financial statements as a whole, as well as key accounting estimates and areas of significant judgment are highlighted in this section. This note also describes change in accounting policies, new accounting standards, which have been adopted during 2020, and new accounting pronouncements, which are not yet effective but are expected to impact the Company's consolidated financial statements in the future. Accounting policies, estimates, or judgments that have a significant effect on the amounts recognized in the financial statements include investment in associates and joint ventures (Note 7), biological assets (Note 8), inventory (Note 9), estimated useful lives of property, plant and equipment and intangible assets (Note 10 and 14), impairment of non-financial assets (Note 10 and 14), business combinations (Note 12), convertible debentures (Note 15), share-based compensation (Note 18), deferred tax assets (Note 22), segmented information (Note 26) and the fair value of financial instruments (Note 27).

(a) Basis of Presentation and Measurement

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

For comparative purposes, the Company has reclassified certain immaterial items on the comparative consolidated statement of financial position and the consolidated statement of comprehensive loss to conform with current period's presentation.

On May 11, 2020, the Company completed a one-for-twelve (1:12) reverse share split of all of its issued and outstanding common shares ("Share Consolidation"), resulting in a reduction in the issued and outstanding shares from 1,321,072,394 to 110,089,377. Shares reserved under the Company's equity and incentive plans were adjusted to reflect the Share Consolidation. All share and per share data presented in the Company's consolidated financial statements have been retroactively adjusted to reflect the Share Consolidation unless otherwise noted.

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on September 24, 2020.

(b) COVID-19 Estimation Uncertainty

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially disrupt the Company's operations during the year ended June 30, 2020. The production and sale of cannabis have been recognized as essential services across Canada and Europe. As of June 30, 2020, we have also not observed any material impairments of our assets or a significant change in the fair value of assets due to the COVID-19 pandemic.

Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on our business, financial position and operating results in the future. In addition, it is possible that estimates in the Company's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things,

impairment of long-lived assets including intangibles and goodwill. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

(c) Basis of Consolidation

The consolidated financial statements include the financial results of the Company and its subsidiaries. Subsidiaries include entities which are wholly-owned as well as entities over which Aurora has the authority or ability to exert power over the investee's financial and/or operating decisions (i.e. control), which in turn may affect the Company's exposure or rights to the variable returns from the investee. The consolidated financial statements include the operating results of acquired or disposed entities from the date control is obtained or the date control is lost, respectively. All intercompany balances and transactions are eliminated upon consolidation.

The Company's principal subsidiaries are as follows:

Major subsidiaries	Percentage Ownership	Functional Currency
1769474 Alberta Ltd. ("1769474")	100%	Canadian Dollar
2105657 Alberta Inc. ("2105657")	100%	Canadian Dollar
Aurora Cannabis Enterprises Inc. ("ACE")	100%	Canadian Dollar
Aurora Deutschland GmbH ("Aurora Deutschland")	100%	European Euro
Aurora Nordic Cannabis A/S ("Aurora Nordic")	51%	Danish Krone
Cannimed Therapeutics Inc. ("CanniMed")	100%	Canadian Dollar
H2 Biopharma Inc. ("H2" or "Aurora Eau")	100%	Canadian Dollar
MedReleaf Corp. ("MedReleaf")	100%	Canadian Dollar
Peloton Pharmaceuticals Inc. ("Peloton" or "Aurora Vie")	100%	Canadian Dollar
Whistler Medical marijuana Corporation ("Whistler")	100%	Canadian Dollar

All shareholdings are of ordinary shares or other equity. Other subsidiaries, while included in the consolidated financial statements, are not material and have not been reflected in the table above.

(d) Foreign Currency Translation

The Company's functional currency is the Canadian dollar. Transactions undertaken in foreign currencies are translated into Canadian dollars at daily exchange rates prevailing when the transactions occur. Monetary assets and liabilities denominated in foreign currencies are translated at period-end exchange rates and non-monetary items are translated at historical exchange rates. Realized and unrealized exchange gains and losses are recognized in the consolidated statements of comprehensive loss.

The assets and liabilities of foreign operations are translated into Canadian dollars using the period-end exchange rates. Income, expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from the translation of foreign operations into Canadian dollars are recognized in other comprehensive loss and accumulated in equity.

(e) Cash and Cash Equivalents

Cash and cash equivalents are financial assets that are measured at amortized cost, which approximate fair value. Cash and cash equivalents, cash deposits in financial institutions and other deposits that are highly liquid and readily convertible into cash. Restricted cash represents the minimum cash and cash equivalents balance that the Company must maintain pursuant to the terms of the secured credit agreement with the Bank of Montreal (Note 16(a)).

(f) Government Grants

The Company is entitled to certain Canadian federal and provincial tax incentives for qualified expenditures. These investment tax credits ("ITCs") are recorded as a reduction to the related expenditures in the fiscal period when there is reasonable assurance that such credits will be realized.

Investment tax credits, whether or not recognized in the financial statements, may be carried forward to reduce future Canadian federal and provincial income taxes payable. The Company applies judgment when determining whether the reasonable assurance threshold has been met to recognize ITCs in the financial statements. The Company must interpret eligibility requirements in accordance with Canadian income tax laws and must assess whether future taxable income will be available against which the ITCs can be utilized. Any changes in these interpretations and assessments could have an impact on the amount and timing of ITCs recognized in the financial statements.

(g) Provisions

The Company recognizes provisions if there is a present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and the obligation can be reliably estimated. The amount recognized as a provision reflects management's best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

(h) Change in Accounting Policy

Effective April 1, 2020, the Company elected to change its accounting policy for inventory costing of by-products. The process of growing and harvesting dried cannabis produces trim, which is now considered to be a by-product. Inventories of harvested cannabis, which now excludes trim, are transferred from biological assets to inventory at fair value less costs to sell at the point of harvest, which becomes the deemed cost. Historically, the Company pro-rated this deemed cost of inventory based on the total grams harvested. The Company now measures by-products at their net realizable value at point of harvest and deducts this value from the total deemed cost to derive a net cost for the main product. Additionally, the Company has elected to change its accounting policy with respect to the allocation of production management staff salaries, previously charged to general administrative expense, and now charged to inventory and cost of sales. The Company now allocates and capitalizes a portion of these salaries to inventory as opposed to expensing them directly in sales and marketing, and general and administrative expenses. The Company believes that the revised policies and presentation provides more accurate and relevant financial information to users of the consolidated financial statements. See Note 9 for the Company's revised accounting policy on inventory costing.

Management has applied the change in accounting policy retrospectively. The consolidated financial statements for the year ended June 30, 2019 have been restated to reflect adjustments made as a result of this change in accounting policy. The following is a summary of the impacts to the statement of financial position, the statement of comprehensive loss, and the statement of cash flows for the year ended June 30, 2019:

	June 30, 2019 As previously reported	Inventory Adjustments	Discontinued Operations (Note 11(b))	June 30, 2019 Restated
Consolidated Statement of Financial Position				
Biological assets	51,836	(1,269)	—	50,567
Inventory	113,641	(2,320)	—	111,321
Deferred tax liability	91,886	(916)	—	90,970
Deficit	(283,639)	(2,672)	—	(286,311)

	Year ended June 30, 2019 As previously reported	Inventory Adjustments	Discontinued Operations (Note 11(b))	Year ended June 30, 2019 Restated
Consolidated Statement of Comprehensive Loss				
Cost of sales	112,526	11,252	—	123,778
Gross profit before fair value adjustments	135,413	(11,252)	(2,403)	121,758
Changes in fair value of inventory sold	72,129	(308)	—	71,821
Unrealized gain on changes in fair value of biological assets	(96,531)	4,028	—	(92,503)
Gross profit	159,815	(14,972)	(2,403)	142,440
General and administration	172,365	(11,384)	(1,912)	159,069
Deferred tax (recovery) expense	(23,257)	(916)	264	(23,909)
Net loss from continuing operations	(297,924)	(2,672)	(144)	(300,740)
Net loss attributable to Aurora shareholders	(290,837)	(2,672)	—	(293,509)
Loss per share (basic and diluted)	(3.63)	(0.03)	n/a	(3.66)

	Year ended June 30, 2019 As previously reported	Inventory Adjustments	Discontinued Operations (Note 11(b))	Year ended June 30, 2019 Restated
Consolidated Statement of Cash Flows				
Unrealized gain on changes in fair value of biological assets	(96,531)	4,028	—	(92,503)
Changes in fair value of inventory sold	72,129	(308)	—	71,821
Deferred tax expense (recovery)	(23,257)	(916)	264	(23,909)
Changes in non-cash working capital	(37,952)	(211)	878	(37,285)
Net cash used in operating activities	(192,245)	—	—	(192,245)

(i) Adoption of New Accounting Pronouncements

(i) IFRS 16 Leases

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"), which replaces IAS 17, Leases ("IAS 17") and related interpretations. The standard introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases with a term exceeding 12 months, unless the underlying asset is insignificant. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessors continue to classify leases as operating or finance, with lessor accounting remaining substantially unchanged from the preceding guidance under IAS 17. The Company adopted the standard on July 1, 2019 using the modified retrospective method, with the cumulative effect initially recognized in retained earnings, and no restatement of prior comparative periods.

Under IAS 17, a lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the Company. A lease is classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Property acquired under a finance lease is depreciated over the shorter of the period of expected use on the same basis as other similar property, plant and equipment or the lease term.

The majority of our property leases, which were previously treated as operating leases, were impacted by IFRS 16. The adoption of IFRS 16 has resulted in:

i) higher non-current assets related to the initial recognition of the present value of our unavoidable future lease payments as right-of-use assets under property, plant and equipment, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized in the balance sheet as at July 1, 2019;
ii) higher current and non-current liabilities related to the concurrent recognition of lease liabilities, which are measured at the present value of the remaining fixed lease payments, discounted by our weighted average incremental borrowing rate of 5.62% as of July 1, 2019;
iii) replacement of rent expense previously recorded in cost of goods sold, general and administration, and sales and marketing expenses with depreciation expense of these right-of-use assets and higher finance costs related to the accretion and interest expense of the corresponding lease liabilities; and
iv) variable lease payments and non-lease components are expensed as incurred.

The new standard does not change the amount of cash transferred between the lessor and lessee but impacts the presentation of the operating and financing cash flows presented on the Company's consolidated statement of cash flows by decreasing operating cash flows and increasing financing cash flows.

The Company elected to apply the following recognition exemptions and practical expedients, as described under IFRS 16:

i) recognition exemption of short-term leases;
ii) recognition exemption of low-value leases;
iii) application of a single discount rate to a portfolio of leases with similar characteristics on transition;
iv) exclusion of initial direct costs from the measurement of the right-of-use assets upon transition;
v) application of hindsight in determining the applicable lease term at the date of transition; and
vi) election to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The following table summarizes the adjustments to opening balances resulting from the initial adoption of IFRS 16:

As at July 1, 2019	As previously reported under IAS 17	IFRS 16 transition adjustments	Inventory restatement adjustments (Note 2(h))	As reported under IFRS 16
	$	$		$
Prepaid deposits	24,323	(585)	—	23,738
Property, plant and equipment	765,567	96,049	—	861,616
Current loans and borrowings	(13,758)	(6,630)	—	(20,388)
Non-current loans and borrowings	(127,486)	(88,834)	—	(216,320)
Deficit	283,639	—	2,672	286,311

The following table reconciles the operating lease commitments as at June 30, 2019 to the opening balance of lease liabilities as at July 1, 2019:

Operating lease commitments as at June 30, 2019	$	94,780
Add: finance lease liabilities recognized as at June 30, 2019		1,326
Add: adjustments as a result of a different treatment for extension and termination options		94,829
Effect of discounting using the lessee's incremental borrowing rate		(88,767)
Less: lease commitments not yet in effect		(4,068)
Less: short-term, low-value asset leases and others		(1,318)
Lease liabilities recognized as at July 1, 2019	$	96,782

As a result of adopting IFRS 16, the Company updated its lease accounting policies as follows:

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease is recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. The finance cost is recognized in "finance and other costs" in the consolidated statement of comprehensive loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees, the exercise

price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

The Company's lease liability is recognized net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in general and administration and sales and marketing expense in the consolidated statement of comprehensive loss. Short-term leases are defined as leases with a lease term of 12 months or less. Variable lease payments that do not depend on an index, rate, or subject to a fair market value renewal condition are expensed as incurred and recognized in costs of goods sold, general and administration, or sales and marketing expense, as appropriate given how the underlying leased asset is used, in the consolidated statement of comprehensive loss.

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. The depreciation is recognized from the commencement date of the lease.

If the right-of-use asset is subsequently leased to a third party (a "sublease"), the Company will assess the classification of the sublease as to whether it is a finance or operating lease. Subleases that are classified as an operating lease will recognize lease income while a financing lease will recognize a lease receivable and de-recognize the carrying value of the right-of-use asset, with the difference recorded in profit of loss.

(ii) IFRIC 23 Uncertainty Over Income Tax Treatments

IFRIC 23 provides guidance that adds to the requirements in IAS 12, Income Taxes by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC 23 requires an entity to determine whether uncertain tax positions are assessed separately or as a group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If not, the entity should reflect the effect of uncertainty in determining its accounting tax position. The Company adopted IFRIC 23 effective July 1, 2019 and was applied using the modified retrospective approach without restatement of comparative information. There was no material impact on the Company's consolidated financial statements.

(iii) Amendments to IFRS 16: COVID-19 Related Rent Concessions

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before June 30, 2021. The amendment is effective June 1, 2020 but, to ensure the relief is available when needed most, lessees can apply the amendment immediately in any financial statements not yet authorized for issue. The Company adopted this amendment during the year ended June 30, 2020, however it did not have a material impact to the Company's consolidated financial statements.

(j) New Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

(i) Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued "*Definition of a Business (Amendments to IFRS 3)*". The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendment provides an assessment framework to determine when a series of integrated activities is not a business. The amendments are effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The Company has evaluated the potential impact of these amendments and concluded that there is no impact to the Company's consolidated financial statements.

(ii) Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

The amendments revise the existing requirements for hedge accounting and are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as Interbank Offered Rates ("IBOR"). The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after January 1, 2020, with earlier application permitted. The Company is currently evaluating the potential impact of these amendments and does not expect significant impacts on the Company's consolidated financial statements.

(iii) Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2022. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

(iv) Amendments to IAS 37: Onerous Contracts and the cost of Fulfilling a Contract

The amendment specifies that 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2022 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Note 3 Restructuring Provision

Accounting Policy

A restructuring provision is recognized when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation that it will carry out the restructuring by starting to implement the plan or announcing its main features to those individuals who are affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which reflect amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

As described in Note 1, during the year ended June 30, 2020, the Company initiated a plan to close operations at certain production facilities in order to focus on production and manufacturing at the Company's larger scale facilities. Additionally, the Company reduced the number of corporate and production level employees across the organization in an effort to reduce spending. The Company recorded restructuring charges of $1.9 million for the year ended June 30, 2020 relating to workforce reductions.

The provisions for restructuring and other charges represent the present value of the best estimate of the future outflow of economic benefits that will be required to settle the expected liabilities and may vary as a result of new events affecting the severances that will need to be paid.

	Total
	$
Initial recognition	1,947
Payments	(1,390)
Balance at June 30, 2020	557

Note 4 Accounts Receivable

Accounting Policy

Accounts receivable are recognized initially at fair value and subsequently measured at amortized cost, less any provisions for impairment. Financial assets measured at amortized cost are assessed for impairment at the end of each reporting period. Impairment provisions are estimated using the expected credit loss impairment model where any expected future credit losses are provided for, irrespective of whether a loss event has occurred at the reporting date.

Estimates of expected credit losses take into account the Company's collection history, deterioration of collection rates during the average credit period, as well as observable changes in and forecasts of future economic conditions that affect default risk. Where applicable, the carrying amount of a trade receivable is reduced for any expected credit losses through the use of an allowance for doubtful accounts ("AFDA") provision. Changes in the AFDA provision are recognized in the statement of comprehensive loss. When the Company determines that no recovery of the amount owing is possible, the amount is deemed irrecoverable and the financial asset is written off.

		June 30, 2020	June 30, 2019
		$	$
Trade receivables	Note 28(a)	45,199	83,877
Sales taxes receivable		5,912	18,261
Other receivables[1]		2,999	1,355
		54,110	103,493

(1) Includes interest receivable from the secured convertible debenture held in Choom Holdings Inc. and unsecured convertible debentures held in High Tide (Note 5(f) and 5(h))

Note 5 Strategic Investments

(a) Cann Group Limited ("Cann Group")

Cann Group is a public company listed on the Australian Stock Exchange and is licensed in Australia for research and cultivation of medical cannabis for human use.

As of June 30, 2020, the Company held an aggregate of 31,956,347 shares in Cann Group (June 30, 2019 – 31,956,347), representing a 22.4% ownership interest (June 30, 2019 – 22.5%). Given that the Company has significant influence over Cann Group, the investment has been accounted for under the equity method (Note 7). Based on Cann Group's closing stock price of A$0.79 on June 30, 2020 (June 30, 2019 – A$1.96), the 31,956,347 shares classified under investment in associates have a fair value of approximately $23.4 million (A$25.0 million) (June 30, 2019 – $57.0 million (A$62.0 million)). During the year ended June 30, 2020, the Company assessed the carrying value of the investment against the estimated recoverable amount. As a result, the Company recognized $37.2 million of impairment charges for the year ended June 30, 2020 (year ended June 30, 2019 – $18.2 million impairment loss) through the statement of comprehensive loss (Note 7).

(b) Radient Technologies Inc. ("Radient")

Radient is a public company listed on the TSXV. Radient provides industrial-scale manufacturing solutions for premium natural ingredients and products.

As of June 30, 2020, the Company held an aggregate of 37,643,431 shares in Radient (June 30, 2019 – 37,643,431) with a fair value of $6.0 million (June 30, 2019 - $30.9 million) resulting in an unrealized loss of $24.8 million for the year ended June 30, 2020 (year ended June 30, 2019 - $13.2 million unrealized fair value loss).

During the year ended June 30, 2020, the Company's 4,541,889 warrants in Radient expired unexercised, resulting in the recognition of an unrealized loss of $0.1 million. At June 30, 2019, the 4,541,889 warrants had a fair value of $0.1 million resulting in an unrealized loss of $1.3 million for the year ended June 30, 2019. The June 30, 2019 fair value of the warrants were estimated using the Binomial model with the following assumptions: risk-free interest rate of 1.52%; dividend yield of 0%; historical stock price volatility of 75.10%; and an expected life of 0.45 years.

(c) Alcanna Inc. ("Alcanna")

Alcanna is an Alberta based public company listed on the TSX. Its principal business activity is the retailing of wines, beers and spirits in Canada. Alcanna has also developed and launched a retail cannabis business in Alberta and Ontario, and has advanced plans to develop and launch a retail cannabis business in other Canadian jurisdictions where private retailing is permitted.

(i) Common Shares and Investment in Associate

During the year ended June 30, 2020, the Company disposed of its investment in Alcanna, representing 9,200,000 common shares or a 24.8% ownership interest. The Company received gross proceeds of $27.6 million at an average price of $3.00 per share and recognized a $12.0 million accounting gain on disposal. The proceeds were used to repay a portion of the Credit Facility (Note 16(a)). Prior to the disposal, management had significant influence over Alcanna and accounted for the investment using the equity method (Note 7). During the year ended June 30, 2020, the Company assessed the carrying value of the investment against the estimated recoverable amount. As a result, the Company recognized $27.7 million of impairment charges for the year ended June 30, 2020 (year ended June 30, 2019 – $68.7 million impairment loss). As of June 30, 2020, the Company no longer holds any shares of Alcanna.

(ii) Warrants

During the year ended June 30, 2020, 10,130,000 warrants expired unexercised and 1,750,000 warrants were canceled. As at June 30, 2020 the Company has no warrants in Alcanna (June 30, 2019 – 11,880,000).

(d) Capcium Inc. ("Capcium")

Capcium is a Montreal-based private company which is in the business of manufacturing soft-gels.

On September 7, 2018, the Company purchased 4,883 convertible debentures for a total cost of $4.9 million. The 4,883 convertible debentures bear interest at 8% per annum and mature on September 5, 2020. The debentures are convertible at the option of Aurora upon the occurrence of a Liquidity Event (as defined below) into units of Capcium at the lesser of (i) the price that is 20% discount to the Liquidity Event Price; and (ii) the price determined based on a pre-money value of $80.0 million at the time of the Liquidity Event. Each unit consists of one common share and one common share purchase warrant exercisable into one common share at a price that is 50% greater than the conversion price for 2 years from the completion of a Liquidity Event. A Liquidity Event is defined as the occurrence of either a public offering, a reverse take-over or a merger transaction which results in the common shares of Capcium being listed on a recognized stock exchange. On June 30, 2019, as Capcium had not completed a Liquidity Event, the Company received 488 additional convertible debentures for no additional consideration in accordance with the terms under the original agreement.

As at June 30, 2020, the convertible debentures had a nil fair value (June 30, 2019 – $7.5 million)(Note 6(b)), which resulted in an unrealized loss of $7.5 million for the year ended June 30, 2020 (year ended June 30, 2019 – $2.6 million). The fair value of the convertible debenture was estimated using the Monte-Carlo and FINCAD model with the following assumptions: share price of $1.13 (June 30, 2019 – $1.13); risk-free rate of 1.96% (June 30, 2019 – 1.83%); dividend yield of 0% (June 30, 2019 – 0%); stock price volatility of 39.0% (June 30, 2019 – 46.0%); an expected life of

0.20 years (June 30, 2019 – 1.44 years); adjusted for a credit spread of 26% (June 30, 2019 – 26%) and a probability factor of 0% (June 30, 2019 – 80%) for the Liquidity Event. The Company also considers the probability of collection in its assessment of fair value. If the estimated volatility increased or decreased by 10%, the estimated change in fair value would be negligible.

As of June 30, 2020, the Company held 8,828,662 common shares (June 30, 2019 – 8,828,662) in Capcium representing a 19% ownership interest (June 30, 2019 – 20.0%). Given that the Company has significant influence over Capcium, the investment has been accounted for under the equity method (Note 7). During the year ended June 30, 2020, the Company identified indicators of impairment within its investment in Capcium and as such assessed the carrying value of the investment against the estimated recoverable amount. The recoverable amount of the investment in Capcium was determined using a value-in-use calculation by discounting the most recent expected future net cash flows to the Company from the investment in Capcium. As a result, the Company recognized $9.0 million of impairment charges for the year ended June 30, 2020 (year ended June 30, 2019 – nil), which has been recognized through the statement of comprehensive loss.

In July 2020, the convertible debenture was converted into 5,371,300 Class A preferred shares. In addition, the Company subscribed to 1,851,086 Class B preferred shares in Capcium for $1.9 million as part of the amendment to the March 29, 2019 manufacturing agreement, to reduce the annual minimum purchase commitment by 20.0 million capsules.

(e) The Green Organic Dutchman Holdings Ltd. ("TGOD")

TGOD is an Ontario based licensed producer of cannabis in Canada, which is publicly listed on the TSX.

On September 27, 2018, due to the resignation of Aurora's Board representative from TGOD's Board of Directors and other qualitative factors, the Company no longer held significant influence in TGOD. As a result, the $131.0 million carrying value of the 39,674,584 common shares held in TGOD was derecognized from investment in associates (Note 7) and reclassified to marketable securities (Note 6(a)) at its fair value of $275.3 million, calculated based on the September 27, 2018 quoted market price of $6.94. This resulted in the recognition of a $144.4 million fair value gain on the deemed disposal of the equity investment during the year ended June 30, 2019.

During the year ended June 30, 2020, the Company sold its remaining 28,833,334 common shares (year ended June 30, 2019 – 10,841,250) of TGOD for gross proceeds of $86.5 million (year ended June 30, 2019 – $47.4 million) at an average price of $3.00 per share (year ended June 30, 2019 – $4.37). As a result, the Company recognized a realized loss of $115.3 million during the year ended June 30, 2020 (year ended June 30, 2019 – $28.3 million), of which $6.7 million were losses recognized during the year ended June 30, 2020. The realized loss was calculated based on the deemed cost of $6.94 per share which represents the September 27, 2018 quoted market price at the time the Company lost significant influence. As at June 30, 2020, the Company no longer holds any shares of TGOD, however, the Company continues to hold 16,666,667 subscription receipt warrants.

As of June 30, 2020, the $1.1 million fair value (June 30, 2019 – $23.5 million) of the remaining 16,666,667 subscription receipt warrants (Note 6(b)) was estimated using the quoted market price of $0.065 (June 30, 2019 – $1.41), contributing to a fair value loss of $22.4 million for the year ended June 30, 2020. During the year ended June 30, 2019, Aurora's milestone options in TGOD expired unexercised which resulted in a total fair value loss of $71.5 million, of which $43.9 million and $27.6 million was attributed to the subscription receipt warrants and milestone options, respectively.

During the year ended June 30, 2020, 3,170,625 participation right warrants in TGOD expired unexercised resulting in an unrealized loss of $0.6 million. As at June 30, 2019, the 3,170,625 participation right warrants had a fair value of $0.6 million which was estimated using the Monte-Carlo model with the following weighted average assumptions: share price of $3.23; risk-free interest rate of 1.77%; dividend yield of 0%; stock price volatility of 74.56%; and an expected life of 0.84 years.

(f) Choom Holdings Inc. ("Choom")

Choom is an emerging consumer cannabis company that is developing retail networks across Canada. Choom is publicly listed on the Canadian Securities Exchange.

On November 2, 2018, the Company subscribed for a $20.0 million unsecured convertible debenture in Choom bearing interest at 6.5% per annum and maturing on November 2, 2022. As at June 30, 2020, the interest receivable balance from Choom was $1.5 million (June 30, 2019 - $0.8 million) (Note 4). The debenture is convertible into common shares of Choom at $1.25 per share after March 3, 2019. In connection with the debenture, the Company also received an aggregate of 96,464,248 share purchase warrants in Choom. The share purchase warrants are exercisable between $1.25 and $2.75 per share beginning November 2, 2018 and expire on November 2, 2020. Per the terms of the arrangement and in accordance with the *Cannabis Retail Regulations* in Ontario, licensed producers are subject to an ownership interest in licensed retailers. On December 12, 2019, the *Cannabis Retail Regulations* in Ontario was amended increasing the ownership restriction to 25% from 9.9%.

On June 24, 2020, the Company executed an amendment to the convertible debenture which grant the Company a second ranking security interest over Choom's present and after-acquired property. Furthermore, the conversion price of the debenture has been reduced from $1.25 to $0.65 per share.

(i) Common Shares and Investment in Associate

As a result of the amendment to the *Cannabis Retail Regulations* in Ontario, the Company now has the right to acquire up to 25% of the voting rights in Choom, resulting in the Company obtaining significant influence in Choom effective December 12, 2019, being the date of the amendment. The 9,859,155 common shares had a fair value of $1.8 million based on a quoted market price of $0.18 and was reclassified from marketable securities (Note 6(a)) to investment in associates (Note 7). The Company recognized an unrealized loss of $2.6 million for the year ended June 30,

2020, and the cumulative unrealized loss of $5.2 million as at December 12, 2019 was reclassified from other comprehensive loss to deficit. As of June 30, 2020, the Company held 9,859,155 (June 30, 2019 – 9,859,155) common shares in Choom, representing a 4.37% (June 30, 2019 – 8.0%) ownership interest with a fair value of $1.4 million (June 30, 2019 – $4.4 million) based on the closing stock price of $0.14 (June 30, 2019 – $0.45). During the year ended June 30, 2020, the Company assessed the carrying value of the investment against the estimated recoverable amount and as a result, recognized an impairment charge of $0.4 million (year ended June 30, 2019 – nil) which has been recognized through the statement of comprehensive loss.

(ii) Convertible Debenture

As of June 30, 2020, the convertible debenture had a fair value of $20.5 million (June 30, 2019 – $19.3 million) resulting in an unrealized gain of $1.1 million for the year ended June 30, 2020 (year ended June 30, 2019 – $0.6 million unrealized loss). The fair value of the convertible debenture was estimated using the FINCAD model based on the following assumptions: share price of $0.14 (June 30, 2019 – $0.45); credit spread of 8.58% (June 30, 2019 – 8.24%); dividend yield of 0% (June 30, 2019 – 0%); stock price volatility of 121.88% (June 30, 2019 – 84.48%); and an expected life of 2.34 years (June 30, 2019 – 3.35 years).

(iii) Warrants

As of June 30, 2020, the 96,464,248 share purchase warrants had a negligible fair value (June 30, 2019 - negligible) resulting in a negligible unrealized loss for the year ended June 30, 2020 (year ended June 30, 2019 – $0.1 million unrealized loss).

(g) Investee-B

Investee-B is a private Canadian company that cultivates, manufactures and distributes medical cannabis products in Jamaica. On July 2, 2018, the Company subscribed to a $13.4 million (US $10.0 million) convertible debenture in Investee-B. The debentures bear interest at 1.5% per annum payable in cash or common shares equal to the fair value of shares at the time of issuance. The debentures are convertible into common shares of Investee-B at US $4.9585 at Aurora's option until July 2, 2023.

The Company also entered into an Investor Rights Agreement, under which Aurora has the right to: (i) participate in any future equity offerings of Investee-B to enable Aurora to maintain its percentage ownership interest, and (ii) to nominate a director to Investee-B's Board of Directors as long as the Company owns at least a 10% interest.

As of June 30, 2020, the convertible debenture had a fair value of $16.1 million (US $11.9 million) (June 30, 2019 – $14.3 million (US $11.0 million))(Note 6(b)). The Company recognized unrealized gains of $1.5 million for the year ended June 30, 2020 (year ended June 30, 2019 – $0.4 million unrealized loss)(Note 6(b)). The fair value was estimated using two coupled Black-Scholes models based on the following assumptions: estimated share price of $3.71 (June 30, 2019 – $3.71); risk-free interest rate of 2.88% (June 30, 2019 – 1.75%); dividend yield of 0% (June 30, 2019 – 0%); stock price volatility of 44.45% (June 30, 2019 – 34.00%); credit spread of 74.90% (June 30, 2019 – 1.13%) and an expected life of 3.01 years (June 30, 2019 – 4.01 years). If the estimated volatility increases or decreases by 10%, the estimated fair value would increase or decrease by approximately $0.2 million (June 30, 2019 – $0.2 million). If the estimated share price increases or decreased by 10%, the estimated fair value would increase or decrease by approximately $0.3 million (June 30, 2019 – $0.3 million).

(h) High Tide Inc. ("High Tide")

High Tide is an Alberta based, retail focused cannabis and lifestyle accessories company and is publicly listed on the Canadian Securities Exchange.

On December 12, 2018, the Company invested $10.0 million in unsecured convertible debentures bearing an interest rate of 8.5% per annum and maturing on December 12, 2020 (the "December 2018 Debentures"). The December 2018 Debentures are convertible into common shares of High Tide at $0.75 per share at the option of the Company at any time after June 12, 2019.

On June 14, 2019, the Company invested $1.0 million in unsecured convertible debentures of High Tide bearing interest of 10.0% per annum, payable annually in advance in common shares of High Tide and maturing in two years from the date of issuance (the "June 2019 Debentures"). The June 2019 Debentures are convertible into common shares of High Tide at $0.75 per share at the option of the Company at any time after December 14, 2019.

On November 14, 2019, the Company invested $2.0 million in senior unsecured convertible debentures of High Tide bearing an interest rate of 10% per annum and maturing on November 14, 2021 (the "November 2019 Debentures"). The November 2019 Debentures are convertible into common shares of High Tide at $0.252 per share at the option of the Company any time after May 14, 2020.

The conversion of the December 2018 Debentures, June 2019 Debentures, and November 2019 Debentures are subject to Aurora holding no more than a 9.9% ownership interest in High Tide in accordance with the ownership restriction applicable to licensed producers under the *Cannabis Retail Regulations* in Ontario.

As of June 30, 2020, the convertible debentures had a fair value of $12.7 million (June 30, 2019 – $10.2 million), resulting in an unrealized loss of $0.4 million for the year ended June 30, 2020 (year ended June 30, 2019 – $0.8 million)(Note 6(b)). The fair value of the convertible debentures was estimated using the FINCAD model with the following assumptions: share price of $0.16 (June 30, 2019 – $0.36); credit spread of 12.3% (June 30, 2019 – 13.5%); dividend yield of 0% (June 30, 2019 – 0%); stock price volatility of 106.0% (June 30, 2019 – 70.0%) and an expected life of 0.63 years (June 30, 2019 – 1.51 years).

(i) Australis Capital Inc. ("ACI")

ACI is a public company that is focused on acquisitions in the cannabis space and more specifically, in technology supporting the cannabis industry, with a view of developing the infrastructure required to meet the demands of the growing United States cannabis market. ACI was previously wholly-owned by Aurora and was spun-out to Aurora shareholders on September 19, 2018. As of June 30, 2020 and June 30, 2019, the Company held the following restricted back-in right warrants:

(a) 22,628,751 warrants exercisable at $0.20 per share expiring September 19, 2028; and
(b) The number of warrants equal to 20% of the number of common shares issued and outstanding in ACI as of the date of exercise. The warrants are exercisable at the five-day volume weighted average trading price ("VWAP") of ACI's shares and have an expiration date of September 19, 2028.

Aurora is restricted from exercising the back-in right warrants unless all of ACI's business operations in the U.S. are permitted under applicable U.S. federal and state laws and Aurora has received consent of the TSX and any other stock exchange on which Aurora may be listed, as required. As of June 30, 2020, the warrants remain un-exercisable.

As of June 30, 2020, the warrants had a fair value of $3.2 million (June 30, 2019 – $10.1 million) estimated using the Binomial model with the following assumptions: share price of $0.22 (June 30, 2019 – $0.92); risk-free interest rate of 0.93% (June 30, 2019 – 1.81%); dividend yield of 0% (June 30, 2019 – 0%); stock price volatility of 116.01% (June 30, 2019 – 48.97%); an expected life of 8.23 years (June 30, 2019 – 9.23 years); and adjusted for a probability factor of legalization of cannabis in the U.S. under federal and certain state laws. As a result, the Company recognized a $6.9 million unrealized loss on fair value during the year ended June 30, 2020 (year ended June 30, 2019 – unrealized gain of $9.6 million)(Note 6(b)).

(j) EnWave Corporation ("EnWave')

EnWave is a Vancouver-based advanced technology company that has developed Radiant Energy Vacuum ("REV™") – a proprietary method for the precise dehydration of organic materials. Enwave is publicly listed on the TSX Venture Exchange.

On April 25, 2019, the Company purchased 5,302,227 common shares of EnWave, representing a 4.9% ownership interest, in exchange for 840,576 common shares of Aurora with a fair value of $10.0 million. The $10.0 million fair value of the shares at initial recognition was based on a 5-day volume weighted average trading price of Aurora's shares on the closing day.

On April 29, 2020, the Company sold the 5,302,227 common shares of EnWave Corporation at $0.80 per share for net proceeds of $4.1 million. Based on the deemed cost of $1.89 per share, which represents the April 25, 2019 quoted market price, the transaction resulted in a realized loss of $5.9 million. Of the $5.9 million realized loss, $8.5 million of fair value losses were recognized during the year ended June 30, 2020

As of June 30, 2020, the Company no longer holds any shares in Enwave. As at June 30, 2019, the 5,302,227 common shares in EnWave had a fair value of $12.6 million based on the $2.38 closing stock price and the Company recognized an unrealized fair value gain of $2.6 million through other comprehensive loss for the year ended June 30, 2019 (Note 6(a)).

Note 6 Marketable Securities and Derivatives

(a) Marketable securities

Accounting Policy

Marketable securities are initially measured at fair value and are subsequently measured at fair value through profit or loss ("FVTPL") or are designated at fair value through other comprehensive income (loss) ("FVTOCI"). The Company designates its marketable securities as financial assets measured at FVTOCI. This designation is made on an instrument-by-instrument basis and if elected, subsequent changes in fair value are recognized in other comprehensive (loss) income only and not through profit or loss upon disposition.

As at June 30, 2020, the Company held the following marketable securities:

Financial asset hierarchy level	Level 1	Level 1	Level 1	Level 1	Level 1	Level 1	Level 3	
Marketable securities designated at FVTOCI	Micron	Radient Note 5(b)	TGOD Note 5(e)	ACI Note 5(i)	Choom Note 5(f)	EnWave Note 5(j)	Other immaterial investments	Total
	$	$	$	$	$	$	$	$
Balance, June 30, 2018	2,426	44,043	—	—	12,719	—	—	59,188
(Disposals) additions	—	—	(46,663)	228	—	10,000	1,091	(35,344)
Transfer from investment in associates	—	—	275,342	5,360	—	—	—	280,702
Unrealized (loss) gain on changes in fair value	(1,278)	(13,177)	(135,547)	76,873	(8,331)	2,619	4	(78,837)
Spin-out	—	—	—	(82,461)	—	—	—	(82,461)
Balance, June 30, 2019	1,148	30,866	93,132	—	4,388	12,619	1,095	143,248
Disposals	(191)	—	(86,465)	—	—	(4,138)	—	(90,794)
Transfer to investment in associates	—	—	—	—	(1,775)	—	—	(1,775)
Unrealized loss on changes in fair value	(957)	(24,845)	(6,667)	—	(2,613)	(8,481)	(50)	(43,613)
Balance, June 30, 2020	—	6,021	—	—	—	—	1,045	7,066
Unrealized (loss) gain on marketable securities								
Year ended June 30, 2019								
OCI unrealized (loss) gain	(1,278)	(13,177)	(135,547)	76,873	(8,331)	2,619	4	(78,837)
Year ended June 30, 2020								
OCI unrealized loss	(957)	(24,845)	(6,667)	—	(2,613)	(8,481)	(50)	(43,613)

(b) Derivatives

Accounting Policy

Derivatives are initially measured at fair value and are subsequently measured at FVTPL. If the transaction price does not equal to fair value at the point of initial recognition, management measures the fair value of each component of the investment and any unrealized gains or losses at inception are either recognized in profit or loss or deferred and recognized over the term of the investment, depending on whether the valuation inputs are based on observable market data. The resulting unrealized gain or loss at inception and subsequent changes in fair value are recognized in profit or loss for the period. Transaction costs, which are directly attributable to the acquisition of the investment, are expensed as incurred. Refer to Note 27 for significant judgments in determining the fair value of derivative financial instruments.

As of June 30, 2020, the Company held the following derivative investments:

Financial asset hierarchy level	Level 3	Level 3	Level 3	Level 2	Level 2	Level 2	Level 2	Level 2	Level 3	Level 2	Level 2	
Derivatives and convertible debentures at FVTPL	Micron	Radient	Alcanna	CTT	Capcium	TGOD	ACI	Choom	Investee-B	High Tide	Namaste	Total
		Note 5(b)	Note 5(c)		Note 5(d)	Note 5(e)	Note 5(i)	Note 5(f)	Note 5(g)	Note 5(h)		
	$	$	$	$	$	$	$	$	$	$	$	$
Balance, June 30, 2018	1,028	1,412	2,400	20,140	—	99,471	—	—	—	—	491	124,942
Additions	—	—	—	—	4,883	—	541	20,000	13,403	11,000	—	49,827
Transfer on loss of control of subsidiary	—	—	—	—	—	—	679	—	—	—	—	679
Unrealized (loss) gain on changes in fair value	(944)	(1,347)	(1,975)	(16,694)	2,635	(75,309)	78,097	(631)	(420)	(759)	(378)	(17,725)
Transfer to investment in associates (Note 7)	—	—	—	(3,413)	—	—	—	—	—	—	—	(3,413)
Spin-out	—	—	—	—	—	—	(69,234)	—	—	—	—	(69,234)
Foreign exchange	—	—	—	—	—	—	—	—	1,333	—	—	1,333
Balance, June 30, 2019	84	65	425	33	7,518	24,162	10,083	19,369	14,316	10,241	113	86,409
(Disposals) additions	—	—	(49)	—	—	—	—	—	—	2,000	—	1,951
Unrealized (loss) gain on changes in fair value	(84)	(65)	(376)	(33)	(7,518)	(23,030)	(6,905)	1,130	1,465	419	(102)	(35,099)
Foreign exchange	—	—	—	—	—	—	—	—	321	—	—	321
Balance, June 30, 2020	—	—	—	—	—	1,132	3,178	20,499	16,102	12,660	11	53,582
Current portion	—	—	—	—	—	(1,132)	—	—	—	(10,659)	—	(11,791)
Long-term portion	—	—	—	—	—	—	3,178	20,499	16,102	2,001	11	41,791
Unrealized (loss) gain on derivatives (Note 20)												
Year ended June 30, 2019												
Foreign exchange gain	—	—	—	—	—	—	—	—	1,333	—	—	1,333
Inception gains amortized	607	919	—	—	—	—	—	—	—	—	—	1,526
Unrealized (loss) gain on changes in fair value	(944)	(1,347)	(1,975)	(16,694)	2,635	(75,309)	78,097	(631)	(420)	(759)	(378)	(17,725)
	(337)	(428)	(1,975)	(16,694)	2,635	(75,309)	78,097	(631)	913	(759)	(378)	(14,866)
Year ended June 30, 2020												
Foreign exchange gain	—	—	—	—	—	—	—	—	321	—	—	321
Inception gains amortized	306	403	—	—	—	—	—	—	—	—	—	709
Unrealized (loss) gain on changes in fair value	(84)	(65)	(376)	(33)	(7,518)	(23,030)	(6,905)	1,130	1,465	419	(102)	(35,099)
	222	338	(376)	(33)	(7,518)	(23,030)	(6,905)	1,130	1,786	419	(102)	(34,069)

Note 7 Investments in Associates and Joint Ventures

Accounting Policy

Associates are companies over which Aurora has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence represents the power to participate in the financial and operating policy decisions of the investee but does not represent the right to exercise control or joint control over those policies.

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic, financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost, excluding financial assets that are not in-substance common shares and inclusive of transaction costs. When the Company holds marketable securities or derivative financial assets and subsequently obtains significant influence in that investee, the fair value of the financial instruments are reclassified to investments in associates at the deemed cost with the cumulative unrealized fair value gains or losses in other comprehensive loss, if any, transferred to deficit.

The consolidated financial statements include the Company's share of the investee's income, expenses and equity movements. Where the Company transacts with its joint ventures or associates, unrealized profits or losses are eliminated to the extent of the Company's interest in the joint venture or associate.

Investments in associates and joint ventures are assessed for indicators of impairment at each period end. An impairment test is performed when there is objective evidence of impairment, such as significant adverse changes in the environment in which the equity-accounted investee operates or there is a significant or prolonged decline in the fair value of the investment below its carrying amount. An impairment loss is recorded when the recoverable amount is lower than the carrying amount. An impairment loss is reversed if the reversal is related to an event occurring after the impairment loss is recognized. Reversals of impairment losses are recognized in profit or loss and are limited to the original carrying amount under the equity method as if no impairment had been recognized for the asset in prior periods. The Company uses judgment in assessing whether impairment has occurred or a reversal is required as well as the amounts of such adjustments.

The carrying value of investments in associates and joint ventures consist of:

	Cann Group Note 5(a)	Alcanna Note 5(c)	CTT	Capcium Note 5(d)	TGOD Note 5(e)	Choom Note 5(f)	ACI Note 5(i)	Other immaterial investments	Total
	$	$	$	$	$	$	$	$	$
Balance, June 30, 2018	81,183	109,577	—	11,256	132,292	—	—	134	334,442
Additions	—	—	3,413	3	—	—	5,360	—	8,776
Dividend income	—	(828)	—	—	—	—	—	—	(828)
Disposition / reclassification	—	—	—	—	(130,974)	—	(5,360)	(134)	(136,468)
Share of net loss (1)	(1,520)	(5,099)	(230)	(1,406)	(1,318)	—	—	—	(9,573)
Impairment	(18,158)	(68,696)	(2,078)	—	—	—	—	—	(88,932)
Impairment reversal	—	15,643	—	—	—	—	—	—	15,643
OCI FX gain (loss)	(4,488)	353	(80)	—	—	—	—	—	(4,215)
Balance, June 30, 2019	57,017	50,950	1,025	9,853	—	—	—	—	118,845
Additions	—	—	—	—	—	1,775	—	—	1,775
Disposition / reclassification	—	(15,645)	—	—	—	—	—	—	(15,645)
Share of net income (loss) (1)	(2,930)	(7,174)	(58)	(840)	—	(532)	—	—	(11,534)
Impairment	(37,213)	(27,748)	(633)	(9,013)	—	(428)	—	—	(75,035)
OCI FX gain (loss)	43	(383)	47	—	—	1	—	—	(292)
Balance, June 30, 2020	16,917	—	381	—	—	816	—	—	18,114

(1) Represents an estimate of the Company's share of net loss based on the latest available information of each investee.

The following is a summary of financial information for the Company's associates and joint ventures for the periods presented based on the latest available information of each investee. The numbers have not been pro-rated for Aurora's ownership interest.

	At June 30, 2020	At June 30, 2019		
	Cann Group	Cann Group	Alcanna	Total
	$	$	$	$
Date obtained significant influence	Dec 11, 2017	Dec 11, 2017	Feb 14, 2018	
Statement of financial position				
Cash and cash equivalents	7,513	43,752	22,115	65,867
Current assets	12,760	69,620	149,835	219,455
Non-current assets	58,521	7,208	480,070	487,278
Current financial liabilities, excluding trade and other payables and provisions	—	4	22,237	22,241
Current liabilities	5,497	1,394	54,375	55,769
Non-current financial liabilities	—	—	73,364	73,364
Non-current liabilities	835	13	73,364	73,377
Statement of comprehensive loss				
Revenue	1,025	—	136,424	136,424
Depreciation and amortization	(1,992)	—	(30,040)	(30,040)
Interest income	448	1,691	—	1,691
Interest expense	(83)	(21)	(22,872)	(22,893)
Income tax expense	—	—	(16,000)	(16,000)
Loss from continued operations	(15,084)	(9,276)	(37,180)	(46,456)
Loss from discontinued operations, net tax	—	—	(916)	(916)
Other comprehensive income	—	—	(2,532)	(2,532)
Total comprehensive loss	(15,084)	(9,276)	(40,628)	(49,904)

Note 8 Biological Assets

Accounting Policy

The Company defines biological assets as cannabis plants up to the point of harvest. Biological assets are measured at fair value less costs to sell at the end of each reporting period in accordance with IAS 41 - *Agriculture* using the income approach. The Company utilizes an income approach to determine the fair value less cost to sell at a specific measurement date, based on the existing cannabis plants' stage of completion up to the point of harvest. The stage of completion is determined based on the specific date of clipping the mother plant, the period-end reporting date, the average growth rate for the strain and facility environment and is calculated on a weighted average basis for the number of plants in the specific lot. The following inputs and assumptions are all categorized within Level 3 on the fair value hierarchy and were used in determining the fair value of biological assets:

Inputs and assumptions	Description	Correlation between inputs and fair value
Average selling price per gram	Represents the average selling price per gram of dried cannabis net of excise taxes, where applicable, for the period for all strains of cannabis sold, which is expected to approximate future selling prices.	If the average selling price per gram were higher (lower), estimated fair value would increase (decrease).
Average attrition rate	Represents the weighted average number of plants culled at each stage of production.	If the average attrition rate was lower (higher), estimated fair value would increase (decrease).
Weighted average yield per plant	Represents the weighted average number of grams of dried cannabis inventory expected to be harvested from each cannabis plant.	If the weighted average yield per plant was higher (lower), estimated fair value would increase (decrease).
Standard cost per gram to complete production	Based on actual production costs incurred divided by the grams produced in the period.	If the standard cost per gram to complete production was lower (higher), estimated fair value would increase (decrease).
Stage of completion in the production process	Calculated by taking the weighted average number of days in production over a total average grow cycle of approximately twelve weeks.	If the number of days in production was higher (lower), estimated fair value would increase (decrease).

Production costs are capitalized to biological assets and include all direct and indirect costs relating to biological transformation. Costs include direct costs of production, such as labor, growing materials, as well as indirect costs such as indirect labor and benefits, quality control costs, depreciation on production equipment, and overhead expenses including rent and utilities.

The following table highlights the sensitivities and impact of changes in significant assumptions on the fair value of biological assets:

	Inputs			Impact on fair value	
Significant inputs & assumptions	June 30, 2020	June 30, 2019	Sensitivity	June 30, 2020	June 30, 2019
Average selling price per gram	$4.78	$5.86	Increase or decrease of $1.00 per gram	$14,070	$14,868
Weighted average yield (grams per plant)	52.73	44.31	Increase or decrease by 5 grams per plant	$3,756	$6,295
Standard cost per gram to complete production	$1.73	$2.04	Increase or decrease of $1.00 per gram	$19,318	$17,735

The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

The changes in the carrying value of biological assets during the period are as follows:

	Year ended June 30, 2020	Year ended June 30, 2019 Restated (Note 2(h))
	$	$
Opening balance	50,567	13,620
Production costs capitalized	62,177	41,857
Biological assets acquired through business combinations (Note 12)	—	8,888
Changes in fair value less cost to sell due to biological transformation	56,614	92,503
Transferred to inventory upon harvest	(133,923)	(106,301)
Ending balance	35,435	50,567

As of June 30, 2020, the weighted average fair value less cost to complete and cost to sell a gram of dried cannabis was $1.88 per gram (June 30, 2019 – $2.93 per gram).

During the year ended June 30, 2020, the Company's biological assets produced 152,740 kilograms of dried cannabis (year ended June 30, 2019 – 57,442 kilograms). As at June 30, 2020, it is expected that the Company's biological assets will yield approximately 41,653 kilograms (June 30, 2019 – 36,010 kilograms) of cannabis when harvested. As of June 30, 2020, the weighted average stage of growth for the biological assets in was 48% (June 30, 2019 – 49%).

Note 9 Inventory

Accounting Policy

The Company defines inventory as all cannabis products after the point of harvest ("Cannabis Inventory"), hemp products, purchased finished goods for resale, consumable supplies and accessories. Cannabis Inventory includes harvested cannabis, trim, cannabis oils, capsules, edibles and vaporizers.

Inventories of harvested cannabis are transferred from biological assets at fair value less costs to sell at the point of harvest, which becomes the deemed cost. By-products, such as trim, are measured at their net-realizable-value ("NRV") at point of harvest which is deducted from the total deemed cost to give a net cost for the primary product. Any subsequent post-harvest costs are capitalized to Cannabis Inventory to the extent that the cost is less than NRV. NRV for work-in-process ("WIP") and finished Cannabis Inventory is determined by deducting estimated remaining conversion/completion costs and selling costs from the estimated sale price achievable in the ordinary course of business. Conversion and selling costs are determined using average cost. In the period that Cannabis Inventory is sold, the fair value portion of the deemed cost is recorded within changes in fair value of inventory sold line, and the cost of such Cannabis Inventory, including direct and indirect costs, are recorded within the cost of sales line on the statement of comprehensive loss.

Products for resale, consumable supplies and accessories are initially recognized at cost and subsequently valued at the lower of cost and NRV. The Company reviews these types of inventory for obsolescence, redundancy and slow turnover to ensure that they are written-down and reflected at NRV.

The Company uses judgment in determining the NRV of inventory. When assessing NRV, the Company considers the impact of price fluctuation, inventory spoilage, inventory excess, age and damage.

The following is a breakdown of inventory:

	June 30, 2020			June 30, 2019 [1]		
	Capitalized cost	Fair value adjustment	Carrying value	Capitalized cost	Fair value adjustment	Carrying value
	$	$	$	$	$	$
Harvested cannabis						
Work-in-process	29,737	16,708	46,445	30,518	31,386	61,904
Finished goods	11,826	1,735	13,561	8,529	5,007	13,536
	41,563	18,443	60,006	39,047	36,393	75,440
Extracted cannabis						
Work-in-process	21,608	4,995	26,603	4,536	1,356	5,892
Finished goods	15,758	1,396	17,154	7,563	1,224	8,787
	37,366	6,391	43,757	12,099	2,580	14,679
Hemp products						
Raw materials	929	—	929	4,508	—	4,508
Work-in-process	235	—	235	1,000	—	1,000
Finished goods	107	—	107	3,183	—	3,183
	1,271	—	1,271	8,691	—	8,691
Supplies and consumables	16,125	—	16,125	9,673	—	9,673
Merchandise and accessories	668	—	668	2,838	—	2,838
Ending Balance	96,993	24,834	121,827	72,348	38,973	111,321

[1] Amounts have been retroactively restated for the change in accounting policy relating to the valuation of Cannabis Inventory (Note 2(h).

During the year ended June 30, 2020, inventory expensed to cost of goods sold was $369.1 million (year ended June 30, 2019 – $195.6 million), which included $91.8 million (year ended June 30, 2019 – $71.8 million) of non-cash expense related to the changes in fair value of inventory sold. During the year ended June 30, 2020, management recognized a $135.1 million (year ended June 30, 2019 – nil) charge to the net realizable value of our inventory due to a decrease in selling price and inventory deemed as excess based on current and projected market demands. Of the $135.1 million (year ended June 30, 2019 – nil) inventory impairment, $105.5 million is recognized through cost of sales and $29.6 million is recognized through changes in fair value of inventory sold on the statements of comprehensive loss.

Note 10 Property, Plant and Equipment

Accounting Policy

Property, plant and equipment is measured at cost, net of accumulated depreciation and any impairment losses.

Cost includes expenditures that are directly attributable to the asset acquisition. The cost of self-constructed assets includes the cost of materials, direct labor, other costs directly attributable to make the asset available for its intended use, as well as relevant borrowing costs on qualifying assets as further described below. During their construction, property, plant and equipment are classified as construction in progress ("CIP") and are not subject to depreciation. When the asset is available for use, it is transferred from CIP to the relevant category of property, plant and equipment and depreciation commences.

Where particular parts of an asset are significant, discrete and have distinct useful lives, the Company may allocate the associated costs between the various components, which are then separately depreciated over the estimated useful lives of each respective component. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Computer software and equipment 3 years
Production equipment 2 - 4 years
Furniture and fixtures 5 years
Building and improvements 20 - 30 years

Residual values, useful lives and depreciation methods are reviewed annually for relevancy and changes are accounted for prospectively.

Gains and losses on asset disposals are determined by deducting the carrying value from the sale proceeds and are recognized in profit or loss.

The Company capitalizes borrowing costs on qualifying capital construction projects. Upon the asset becoming available for use, capitalization of borrowing costs ceases and depreciation commences on a straight-line basis over the estimated useful life of the related asset.

On July 1, 2019, the Company adopted *IFRS 16: Leases* (Note 2(i)(i)) which replaced *IAS 17: Leases*.

Impairment of property, plant and equipment

The Company assesses impairment of property, plant and equipment when an impairment indicator arises (e.g. change in use or discontinued use, obsolescence or physical damage). When the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, the asset is tested at the cash generating unit ("CGU") level. In assessing impairment, the Company compares the carrying amount of the asset or CGU to the recoverable amount, which is determined as the higher of the asset or CGU's fair value less costs of disposal and its value-in-use. Value-in-use is assessed based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects applicable market and economic conditions, the time value of money and the risks specific to the asset. An impairment loss is recognized whenever the carrying amount of the asset or CGU exceeds its recoverable amount and is recorded in the consolidated statements of comprehensive loss.

The following summarizes the carrying values of property, plant and equipment for the periods reflected:

	June 30, 2020				June 30, 2019		
	Cost	Accumulated depreciation	Impairment	Net book value	Cost	Accumulated depreciation	Net book value
Owned assets							
Land	31,485	—	(893)	30,592	39,532	—	39,532
Real estate	515,264	(51,867)	(82,721)	380,676	420,737	(25,682)	395,055
Construction in progress	349,274	—	(37,741)	311,533	222,884	—	222,884
Computer software & equipment	30,947	(12,687)	(108)	18,152	20,850	(5,367)	15,483
Furniture & fixtures	9,888	(3,635)	(139)	6,114	9,312	(2,847)	6,465
Production & other equipment	187,512	(46,856)	(24,216)	116,440	102,403	(17,894)	84,509
Total owned assets	1,124,370	(115,045)	(145,818)	863,507	815,718	(51,790)	763,928
Right-of-use lease assets[1]							
Land	27,862	(787)	—	27,075	—	—	—
Real estate	63,548	(7,729)	(2,416)	53,403	—	—	—
Production & other equipment	5,591	(3,196)	—	2,395	2,010	(371)	1,639
Total right-of-use lease assets	97,001	(11,712)	(2,416)	82,873	2,010	(371)	1,639
Total property, plant and equipment	1,221,371	(126,757)	(148,234)	946,380	817,728	(52,161)	765,567

(1) Effective July 1, 2019, the Company adopted IFRS 16 *Leases* (Note 2(i)(i)).

The following summarizes the changes in the net book values of property, plant and equipment for the periods presented:

	Balance, June 30, 2019	IFRS 16 Transition (1)	Additions	Disposals	Other (2)(3)(4)	Depreciation	Impairment	Foreign currency translation	Balance, June 30, 2020
Owned assets									
Land	39,532	—	337	—	(8,347)	—	(893)	(37)	30,592
Real estate	395,055	—	32,614	(267)	69,001	(33,942)	(82,721)	936	380,676
Construction in progress	222,884	—	261,830	(2,128)	(130,522)	—	(37,741)	(2,790)	311,533
Computer software & equipment	15,483	—	9,660	(52)	142	(6,973)	(108)	—	18,152
Furniture & fixtures	6,465	—	4,594	(120)	(3,417)	(1,192)	(139)	(77)	6,114
Production & other equipment	84,509	—	30,708	(2,302)	48,715	(21,024)	(24,216)	50	116,440
Total owned assets	763,928	—	339,743	(4,869)	(24,428)	(63,131)	(145,818)	(1,918)	863,507
Right-of-use leased assets (1)									
Land	—	30,936	169	—	(3,243)	(787)	—	—	27,075
Real estate	—	62,817	7,764	(1,957)	(5,230)	(7,732)	(2,416)	157	53,403
Production & other equipment	1,639	2,296	1,453	(169)	—	(2,825)	—	1	2,395
Total right-of-use lease assets	1,639	96,049	9,386	(2,126)	(8,473)	(11,344)	(2,416)	158	82,873
Total property, plant and equipment	765,567	96,049	349,129	(6,995)	(32,901)	(74,475)	(148,234)	(1,760)	946,380

(1) Effective July 1, 2019, the Company adopted IFRS 16 *Leases* (Note 2(i)(i)).
(2) Includes reclassification of construction in progress cost when associated projects are complete. Includes the $24.4 million transfer of land and real estate to assets held for sale, associated with the Exeter property, the Jamaica property and the Latin American properties (Note 11).
(3) During the year ended June 30, 2020, the Company recorded a non-material year end correction to re-classify $34.3 million of net book value of production and other equipment which was initially classified as real estate.
(4) As part of the Company's restructuring activities (Note 3), management re-assessed the likelihood of executing renewal options of its existing leases which resulted in a reduction of the assessed lease term of several of the Company's leases.

	Balance, June 30, 2018	Additions	Additions from business combinations	Disposals	Other (1)	Depreciation	Foreign currency translation	Balance, June 30, 2019
Owned assets								
Land	—	20,865	18,637	—	—	—	30	39,532
Real estate	76,649	130,165	74,373	—	137,098	(23,280)	50	395,055
Construction in progress	145,659	164,213	49,913	—	(137,098)	888	(691)	222,884
Computer software & equipment	3,494	13,757	5,204	—	(2,185)	(4,792)	5	15,483
Furniture & fixtures	3,128	4,819	3,806	—	(2,746)	(2,505)	(37)	6,465
Production & other equipment	17,015	65,753	14,511	—	2,746	(15,443)	(73)	84,509
Total owned assets	245,945	399,572	166,444	—	(2,185)	(45,132)	(716)	763,928
Right-of-use leased assets								
Land	—	—	—	—	—	—	—	—
Real estate	—	—	—	—	—	—	—	—
Production & other equipment	407	859	607	—	—	(234)	—	1,639
Total right-of-use lease assets	407	859	607	—	—	(234)	—	1,639
Total property, plant and equipment	246,352	400,431	167,051	—	(2,185)	(45,366)	(716)	765,567

(1) Includes reclassifications and other adjustments.

During the year ended June 30, 2020, $22.0 million (year ended June 30, 2019 – $25.2 million) in borrowing costs were capitalized to construction in progress at a weighted average interest rate of 13% (year ended June 30, 2019 – 14%).

As of June 30, 2020, $216.0 million (June 30, 2019 – nil) of property, plant and equipment were temporarily idle as the Company continues to evaluate all capital projects and investments to prioritize core cannabis operations. Of the $216.0 million idle property, plant, and equipment, $212.1 million relates to the Aurora Sun facility and $3.9 million relates to the Nordic Sky Facility.

Depreciation relating to manufacturing equipment and production facilities for owned and right-of-use lease assets are capitalized into biological assets and inventory, and is expensed to cost of sales upon the sale of goods. During the year ended June 30, 2020, the Company recognized $74.5 million (year ended June 30, 2019 – $45.4 million) of depreciation expense of which $27.2 million (year ended June 30, 2019 – $12.2 million) was reflected in cost of sales.

Impairments

The Company reviews the carrying value of its property, plant and equipment at each reporting period for indicators of impairment. During the year endedJune 30, 2020, management noted indicators of impairment at the asset specific level and at the Cash Generating Unit ("CGU") level which are discussed below.

Asset specific impairments

During the period ended December 31, 2019, the Company halted construction of its Nordic Sky facility which is an indicator of impairment. The fair value of the Nordic Sky facility was determined based on a third-party appraisal using a fair value less cost of disposal ("FVLCD") approach with the capitalization methodology using unobservable inputs (level 3). As a result, the Company recognized a $34.6 million impairment loss for Nordic Sky for the year ended June 30, 2020. The Nordic Sky facility, and the corresponding impairment loss, is allocated to the cannabis operating segment (Note 26).

During the year ended June 30, 2020, the Company listed its Exeter property for sale. The property was reclassified to Assets Held for Sale at the estimated $18.2 million fair value which resulted in an impairment charge of $1.4 million. The sale was completed during the year ended June 30, 2020 for net proceeds of $8.6 million (Note 11).

During the year ended June 30, 2020, the Company initiated a plan to close operations at certain production facilities (Note 1 and 3) which is an indicator of impairment. The fair value of these facilities was determined based on a third-party appraisal using FVLCD approaches including market and cost approaches. Consideration is given to information from manufacturers, historical data and industry standards which constitute both observable and unobservable inputs (level 2 and level 3). As a result, the Company recognized a $86.5 million impairment loss relating to these facilities for the year ended June 30, 2020. These production facilities, and the corresponding impairment loss, are allocated to the cannabis operating segment (Note 26).

CGU impairments

Canadian, European and Latin American Hemp CGU

The following factors were identified as impairment indicators for the Canadian Hemp CGU as at March 31, 2020:

i. Revenue decline - Slower than anticipated launch of new products resulting in a decrease of expected sales and profitability for the Canadian Hemp CGU as compared to outcomes initially forecasted by management;
i. Change in strategic plans - As at March 31, 2020, management was evaluating the Company's strategy and market opportunities with respect to hemp-derived CBD, including the divestiture of certain Canadian Hemp assets (Note 26).

As a result of the above factors, management performed an impairment test as at March 31, 2020 for the Canadian Hemp CGU.

The Company's Canadian Hemp CGU represents its operations dedicated to the cultivation and sale of hemp products within Canada. This CGU is attributed to the Company's cannabis operating segment. The $0.2 million recoverable amount was determined using a FVLCD method by discounting the most recent expected future net cash flows attributable to the Canadian Hemp CGU. As a result, management recorded impairment losses of $9.8 million during the three and nine months ended March 31, 2020 (three and nine months ended March 31, 2019 - nil). No additional impairment was recognized for the Canadian Hemp CGU for the year ended June 30, 2020 (year ended June 30, 2019 - nil). Management allocated the impairment loss based on the relative carrying amounts of the CGU's assets at the impairment date, with no individual asset being reduced below its recoverable amount. Management allocated $7.4 million of impairment losses to owned property, plant and equipment and $2.4 million of impairment losses to right-of-use leased assets (Note 9). The recoverable amount of owned property, plant and equipment and right-of-use leased assets within this CGU was determined based on fair value less cost to dispose using a market approach (Level 3 inputs).

During the year ended June 30, 2020, the Company recognized impairment losses within its Latin American Hemp CGU, and its European Hemp CGU, and allocated impairment losses of $15.9 million to property, plant and equipment (Note 14(a)). The property, plant, and equipment impairment losses for the Latin American Hemp CGU and the European Hemp CGU are allocated to the cannabis operating segment (Note 26).

Note 11 Assets Held for Sale and Discontinued Operations

Accounting Policy

Assets Held for Sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continued use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and the fair value less costs of disposal. Impairment losses recognized upon initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in the statement of comprehensive loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

Discontinued Operations

A disposal group qualifies as discontinued operations if it is a component of an entity that has either been disposed of, or is classified as held for sale, and (i) represents a separate major line of business or geographical area of operations, (ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or (iii) is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of comprehensive loss and comparative periods have been restated.

(a) Assets Held for Sale

Exeter Property

In connection with management's plan to rationalize capital expenditures to align the Company's cultivation footprint to current demand, in November 2019, the Company committed to sell its Exeter land and greenhouse (the "Exeter Property") and reclassified it from property, plant and equipment to assets held for sale. The Company obtained a third-party appraisal to determine the fair value of the Exeter Property based on a direct comparison approach (Level 2). During the period ended June 30, 2020, the Company sold the property for net proceeds of $8.6 million, resulting in a total impairment charge of $11.0 million. The impairment loss is recognized in impairment in property, plant, and equipment in the statement of comprehensive loss. The realized loss on disposal is recognized in other (losses) gains in the statement of comprehensive loss (Note 20). The impairment loss and the loss on disposal are allocated to the cannabis operating segment (Note 26).

	Land	Building & Improvements	Total
	$	$	$
Net book value	2,653	17,024	19,677
Impairment	(734)	(709)	(1,443)
Fair value transferred to assets held for sale	1,919	16,315	18,234
Impairment	(485)	(9,119)	(9,604)
Fair value	1,434	7,196	8,630
Proceeds from disposal	1,393	7,214	8,607
(Loss) gain on disposal	(41)	18	(23)

Jamaica Property

In connection with the Company's business transformation plan, during the year ended June 30, 2020, the Company listed for sale its Jamaica land which had a carrying value of $4.2 million. As a result, the Company reclassified it from property, plant, and equipment to assets held for sale. The fair value of the land was estimated based on the accepted offer on the property for proceeds of $4.3 million, net of selling costs. As the estimated net proceeds was higher than the carrying value, no impairment was recognized. On August 19, 2020, the Company entered into an agreement to sell the Jamaica property for gross proceeds of $4.6 million (US$3.5 million).

Latin America Properties

In connection with the Company's business transformation plan, during the year ended June 30, 2020, the Company listed for sale two properties in Uruguay which had a total carrying value of $2.0 million. As a result, the Company reclassified the land from property, plant, and equipment to assets held for sale. The fair value of the land, which exceeds the property's carrying value, was estimated using a market approach.

(b) Discontinued Operations

Sale of Aurora Larssen Projects Inc. ("ALPS")

On May 11, 2020, the Company divested its wholly owned subsidiary, ALPS, back to its former founding owner. This disposal is consistent with the Company's long-term strategy to streamline operations and improve profitability. As ALPS represented a separate line of business of the Company, the revenue, expenses and cash flows related to ALPS' operations have been presented in these consolidated financial statements as discontinued operations on a retroactive basis. ALPS was sold for a nominal amount and the Company recognized a $2.8 million loss on disposal during the year ended June 30, 2020.

The following table summarizes Company's consolidated discontinued operations for the years ended June 30, 2020 and 2019:

		Years ended,
	June 30, 2020	June 30, 2019
Operating results from discontinued operations	$	$
Revenue	—	2,403
General and administration expenses	5,951	1,912
Other expenses	572	1,661
Loss on disposal of discontinued operations	2,816	—
Net loss from discontinued operations before taxes	(9,339)	(1,170)
Income tax (expense) recovery	(505)	1,314
Net loss (income) from discontinued operations, net of tax	(9,844)	144

Note 12 Business Combinations

Accounting Policy

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. The total consideration paid for the acquisition is the aggregate of the fair values of assets acquired, liabilities assumed, and equity instruments issued in exchange for control of the acquiree at the acquisition date. The acquisition date is the date when the Company obtains control of the acquiree. The identifiable assets acquired and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. Goodwill represents the difference between total consideration paid and the fair value of the net identifiable assets acquired. Acquisition costs incurred are expensed through the statement of comprehensive loss.

Contingent consideration is measured at its acquisition date fair value and is included as part of the consideration transferred in a business combination, subject to the applicable terms and conditions. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 *Financial Instruments* with the corresponding gain or loss recognized in profit or loss.

Based on the facts and circumstances that existed at the acquisition date, management will perform a valuation analysis to allocate the purchase price based on the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. Management has one year from the acquisition date to confirm and finalize the facts and circumstances that support the finalized fair value analysis and related purchase price allocation. Until such time, these values are provisionally reported and are subject to change. Changes to fair values and allocations are retrospectively adjusted in subsequent periods.

In determining the fair value of all identifiable assets acquired and liabilities assumed, the most significant estimates generally relate to contingent consideration and intangible assets. Management exercises judgment in estimating the probability and timing of when earn-out milestones are expected to be achieved, which is used as the basis for estimating fair value. Identified intangible assets are fair valued using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

(a) Business Combinations Completed During the Year Ended June 30, 2020

i) Reliva LLC ("Reliva")

On May 28, 2020, the Company acquired Reliva, a U.S. company based in Massachusetts specialized in the sale of hemp-derived cannabidiol ("CBD") products. The acquisition marked the Company's entry into the U.S. CBD market.

The Company acquired all of the issued and outstanding shares of Reliva for aggregate consideration of $53.1 million comprised of 2,480,810 Aurora common shares at a price of US$15.34 per share with a fair value of $52.4 million (US$38.1 million) and $0.7 million held in escrow which is subject to working capital adjustments. The contingent consideration represents the fair value of the US$45.0 million gross consideration to be paid out contingent upon Reliva achieving certain Earnings Before Interest, Depreciation and Amortization ("EBITDA") targets over the twelve months ending December 31, 2020 and December 31, 2021. The contingent consideration is payable in Aurora common shares, cash, or any combination thereof at Aurora's sole discretion.

Total consideration	$
Cash paid	—
Common shares issued	52,380
Funds held in escrow	688
	53,068

Net identifiable assets acquired (liabilities assumed)	
Cash	280
Accounts receivable	316
Inventories	1,195
Prepaids and other current assets	657
Intangible asset: Distribution network	13,489
Accounts payable and accrued liabilities	(429)
Deferred revenue	(618)
	14,890

Purchase price allocation	
Net identifiable assets acquired	14,890
Goodwill	38,178
	53,068

Net cash outflows	
Cash consideration paid	—
Cash acquired	280
	280

Acquisition costs expensed	
Year ended June 30, 2020	1,849

Goodwill arising from the acquisition represents expected synergies, future income and growth, and other intangibles that do not qualify for separate recognition. The goodwill arising on this acquisition is expected to be fully deductible for tax purposes.

Management continues to gather relevant information that existed at the acquisition date to determine the fair value of the net identifiable assets acquired and liabilities assumed. As such, the initial purchase price was provisionally allocated based on the Company's estimated fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date. The values assigned are, therefore, preliminary and subject to change. Management continues to refine and finalize its purchase price allocation for the fair value of identifiable intangible assets and the allocation of goodwill.

For the year ended June 30, 2020, Reliva accounted for $0.6 million in revenue and $0.1 million in net loss since the May 28, 2020 acquisition date. If the acquisition had been completed on July 1, 2019, the Company estimates it would have recorded an increase of $7.6 million in revenue and an increase of $1.9 million in net loss for the year ended June 30, 2020.

(b) Business Combinations Completed During the Year Ended June 30, 2019

	MedReleaf (i)	Anandia (ii)	Aurora Hemp Europe (iii)	ICC (iv)	Whistler (v)	Immaterial transactions (vi)	Total
	$	$	$	$	$	$	$
Total consideration							
Cash paid	—	—	8,302	—	—	2,918	11,220
Common shares issued	2,568,634	78,588	1,411	255,237	130,839	2,101	3,036,810
Share purchase warrants issued	—	19,565	—	—	—	—	19,565
Replacement share-based awards	75,373	—	—	7,664	—	—	83,037
Contingent consideration	—	—	—	—	24,395	383	24,778
Loan settlement	—	—	3,176	—	2,867	—	6,043
	2,644,007	98,153	12,889	262,901	158,101	5,402	3,181,453
Net identifiable assets acquired (liabilities assumed)							
Cash	113,713	12,127	41	5,155	438	2	131,476
Accounts receivables	11,891	783	2,099	3,005	371	88	18,237
Income taxes receivable	8,078	—	—	—	—	—	8,078
Marketable securities	—	—	—	471	—	—	471
Biological assets	7,154	—	—	135	1,599	—	8,888
Inventories	32,626	33	2,226	762	3,042	—	38,689
Prepaid expenses and deposits	6,344	310	168	—	—	—	6,822
Property, plant and equipment	119,324	4,665	2,435	12,712	27,735	180	167,051
Other assets	581	—	—	—	478	4	1,063
Intangible assets							
Customer relationships	62,800	4,700	—	—	1,900	—	69,400
Permits and licenses	89,757	11,000	—	149,745	14,500	—	265,002
Brand and trademarks	62,100	1,700	—	—	14,400	—	78,200
Patents	130	—	—	—	—	—	130
Intellectual property	70,200	12,300	—	—	—	—	82,500
Deferred tax asset	—	—	81	—	—	—	81
	584,698	47,618	7,050	171,985	64,463	274	876,088
Accounts payable and accruals	(16,919)	(518)	(1,683)	(1,963)	(1,045)	(100)	(22,228)
Income taxes payable	—	—	(7)	—	—	—	(7)
Deferred revenue	—	(65)	(6)	—	—	—	(71)
Loans and borrowings	—	(298)	—	—	(6,003)	—	(6,301)
Asset retirement obligation	(217)	—	—	—	—	—	(217)
Deferred tax liability	(59,985)	(7,055)	—	(2,617)	(8,894)	—	(78,551)
Provisions	(4,200)	—	—	—	—	—	(4,200)
	503,377	39,682	5,354	167,405	48,521	174	764,513
Purchase price allocation							
Net identifiable assets acquired	503,377	39,682	5,354	167,405	48,521	174	764,513
Goodwill [1]	2,140,630	58,471	7,535	95,496	109,580	5,228	2,416,940
	2,644,007	98,153	12,889	262,901	158,101	5,402	3,181,453
Net cash outflows							
Cash consideration paid	—	—	(8,302)	—	—	(2,918)	(11,220)
Cash acquired	113,713	12,127	41	5,155	438	2	131,476
	113,713	12,127	(8,261)	5,155	438	(2,916)	120,256
Acquisition costs expensed							
Year ended June 30, 2019	10,097	360	2,552	403	2,087	25	15,524
Net accounts receivables acquired							
Gross contractual receivables acquired	14,262	791	2,099	3,005	371	88	20,616
Expected uncollectible receivables	(2,371)	(8)	—	—	—	—	(2,379)
Net accounts receivables acquired	11,891	783	2,099	3,005	371	88	18,237

[1] Goodwill arising from acquisitions represent expected synergies, future income and growth, and other intangibles that do not qualify for separate recognition, as well as the deferred tax liability recognized for all taxable temporary differences. None of the goodwill arising on these acquisitions are expected to be deductible for tax purposes.

(i) MedReleaf

On July 25, 2018, the Company acquired MedReleaf, a Canadian company previously listed on the TSX. MedReleaf is in the business of the production and sale of cannabis. The Company acquired MedReleaf to increase its production capacity, international presence, research and development portfolio, patient count and revenue growth.

The Company acquired all of the issued and outstanding shares of MedReleaf for aggregate consideration of $2.6 billion, which consisted of 30,843,353 common shares with a fair value of $2,568.6 million and replacement share based awards with a fair value of $75.4 million. The compensation expense related to these replacement awards includes: $53.8 million for employee stock options, $2.0 million for performance options, and $19.6 million for warrants.

During the year ended June 30, 2019, management finalized the purchase price allocation of MedReleaf based on the Company's estimated fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date. As required by IFRS, the preliminary acquisition date values were retrospectively adjusted to reflect the changes effective as of the acquisition date, as follows:

	Provisional allocation at acquisition	Adjustments	Final
	$	$	$
Consideration payable	2,644,115	(108)	2,644,007
Loans receivable	845	(845)	—
Property, plant and equipment	134,414	(15,090)	119,324
Intangible assets	335,988	(51,001)	284,987
Loans and borrowings	(845)	845	—
Provision	—	(4,200)	(4,200)
Deferred tax liability	(75,920)	15,935	(59,985)
Goodwill	2,086,382	54,248	2,140,630

For the year ended June 30, 2019, MedReleaf accounted for $113.3 million in revenue and $25.1 million in net loss since July 25, 2018. If the acquisition had been completed on July 1, 2018, the Company estimates it would have recorded an increase of $4.5 million in revenue and an increase of $17.6 million in net loss for the year ended June 30, 2019.

(ii) Anandia Laboratories Inc. ("Anandia")

On August 8, 2018, the Company acquired Anandia, a Canadian cannabis-focused science company specialized in genomics, metabolite profiling, plant breeding, disease characterization, cultivar certification, and the provision of testing services to producers and patient-cultivators. The acquisition was completed to enable Aurora to develop new, customized cultivars for specific applications, create products that generate positive health outcomes in relation to specific medical indications and, enhance efficiencies at our facilities.

The Company acquired all of the issued and outstanding shares of Anandia for aggregate consideration of $98.2 million, which included 1,059,707 common shares with a fair value of $78.6 million and 529,851 share purchase warrants with a fair value of $19.6 million. The warrants are each exercisable at $9.37 and expire on August 9, 2023. As part of the acquisition, an aggregate of $10.0 million in additional share consideration is to be paid out in three tranches on the first, second and fourth anniversaries of the acquisition date, subject to the continued employment of the co-founders of Anandia. In accordance with IFRS 3, the additional consideration is accounted for as share-based compensation expense for post-combination services provided and will be expensed through income. During the year ended June 30, 2020, the Company accrued $5.4 million (June 30, 2019 - $7.4 million) in share-based compensation expense relating to this additional share consideration. The share-based compensation was estimated using the Binomial model with the following assumptions: risk-free rate of 2.2%, dividend yield of 0%, historical stock price volatility of 89.9% and a VWAP of $7.13 for the 20 consecutive trading day period was used to fair value the shares. The fair value for the shares and warrants are amortized evenly over the four-year term of the consideration.

During the year ended June 30, 2019, management finalized the purchase price allocation of Anandia based on the Company's estimated fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date. As required by IFRS, the preliminary acquisition date values were retrospectively adjusted to reflect the changes effective as of the acquisition date, as follows:

	Provisional allocation at acquisition	Adjustments	Final
	$	$	$
Intangible assets	30,900	(1,200)	29,700
Deferred tax liability	(7,422)	367	(7,055)
Goodwill	57,595	876	58,471

For the year ended June 30, 2019, Anandia accounted for $3.0 million in revenue and $6.2 million in net loss since the August 8, 2018 acquisition date. If the acquisition had been completed on July 1, 2018, the Company estimates it would have recorded an increase of $0.2 million in revenue and an increase of $2.5 million in net loss for the year ended June 30, 2019.

(iii) Aurora Hemp Europe UAB ("Aurora Hemp Europe")(formerly UAB Agropro ("Agropro") and UAB Borela ("Borela"))

On September 10, 2018, the Company acquired Aurora Hemp Europe located in Lithuania. Aurora Hemp Europe is a producer, processor and supplier of certified organic hemp and hemp products. The Company acquired Aurora Hemp Europe to extract, refine and productize their organic hemp biomass into a wide range of organic CBD-based products.

The Company acquired all of the issued and outstanding shares of Aurora Hemp Europe for aggregate consideration of $12.9 million which was comprised of $8.3 million in cash, $3.2 million loan settlement, and 14,236 common shares with a fair value of $1.4 million. Additionally, the Company issued 22,502 common shares for finders' fees relating to this acquisition with a fair value of $2.2 million (Note 17(b)(i)).

During the year ended June 30, 2019, management finalized the purchase price allocation of Aurora Hemp Europe based on the Company's estimated fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date. The preliminary acquisition date values reported as at September 30, 2018 for deferred tax assets increased by an insignificant amount. As required by IFRS, comparative amounts were retrospectively adjusted to reflect the changes effective as of the acquisition date.

For the year ended June 30, 2019, Aurora Hemp Europe accounted for $5.9 million in revenue and $2.6 million in net loss since the September 10, 2018 acquisition date. If the acquisition had been completed on July 1, 2018, the Company estimated it would have recorded an increase of $1.4 million in revenue and an increase of $0.2 million in net loss for the year ended June 30, 2019.

Effective July 31, 2020, the Company divested of Aurora Hemp Europe (Note 30).

(iv) ICC Labs Inc. ("ICC")

On November 22, 2018, the Company acquired ICC, a licensed producer and distributor of medicinal cannabinoid extracts, consumer cannabis and industrial hemp products in Uruguay, as well as a licensed producer of medicinal cannabis in Colombia. ICC's science and GMP compliant processing facility were purchased to expand Aurora's capacity and provide an early mover advantage to build market share both in Latin America and the international cannabis and wellness markets.

The Company acquired all of the issued and outstanding shares of ICC for aggregate consideration of $262.9 million comprised of 2,658,722 common shares with a fair value of $255.2 million, and $7.7 million fair value of replacement share-based awards. The replacement share-based awards includes $7.6 million for 188,115 warrants and $0.02 million for compensation options.

During the year ended June 30, 2019, management finalized the purchase price allocation of ICC based on the Company's estimated fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date. As required by IFRS, the preliminary acquisition date values were retrospectively adjusted to reflect the changes effective as of the acquisition date, as follows:

	Provisional allocation at acquisition	Adjustments	Final
	$	$	$
Property, plant and equipment	18,012	(5,300)	12,712
Intangible assets	141,558	8,187	149,745
Deferred tax liability	(35,389)	32,772	(2,617)
Goodwill	131,154	(35,658)	95,496

For the year ended June 30, 2019, ICC accounted for $0.6 million in revenue and a loss of $9.3 million in net income since the November 22, 2018 acquisition date. If the acquisition had been completed on July 1, 2018, the Company estimates it would have recorded an increase of $0.7 million in revenue and an increase of $8.5 million in net loss for the year ended June 30, 2019.

In connection with the Company's business transformation plan, during the year ended June 30, 2020, the Company listed two ICC properties for sale (Note 11(a)).

(v) Whistler Medical Marijuana Corporation ("Whistler")

On March 1, 2019, the Company acquired Whistler, a Canadian private licensed producer of organic cannabis products.

The Company acquired all of the issued and outstanding shares of Whistler for aggregate consideration of $158.1 million comprised of:

- 1,121,736 common shares with a fair value of $130.8 million;
- $2.9 million related to the settlement of a pre-existing loan; and
- $24.4 million of contingent consideration, which represents the estimated fair value of $25.1 million gross consideration to be paid in Aurora common shares upon achievement of certain milestones related to Whistler's Pemberton facility obtaining a cannabis license and the facility being fully planted.

The Company also issued 17,258 common shares with a fair value of $2.1 million (Note 17(b)(i)) for finders' fees related to this acquisition. Under the terms of the purchase agreement, a further $14.9 million in gross contingent consideration is to be paid out to the former shareholders of Whistler subject to the continued employment of the founder of Whistler. In accordance with IFRS 3, the additional cost of this consideration is accounted for as share-based compensation expense for post-combination services provided in the period that the applicable conditions are met. During the year ended June 30, 2020, the Company accrued $4.5 million in share-based compensation expense relating to contingent consideration (June

30, 2019 - $7.6 million). The share-based compensation was estimated using a VWAP of $9.77 for the 5 consecutive trading day period, based on the achievement of certain milestones. Subsequent to June 30, 2020, the Company issued 2,171,355 common shares to settle the final milestone payment.

During the year ended June 30, 2020, management finalized the purchase price allocation of Whistler based on the Company's estimated fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date. As required by IFRS, the preliminary acquisition date values were retrospectively adjusted to reflect the changes effective as of the acquisition date, as follows:

	Provisional allocation at acquisition	Adjustments	Final
	$	$	$
Net identifiable assets acquired, excluding intangible assets	18,238	(517)	17,721
Intangible assets	31,100	(300)	30,800
Goodwill	108,763	817	109,580

For the year ended June 30, 2019, Whistler accounted for $3.6 million in revenue and a loss of $1.5 million since the March 1, 2019 acquisition date. If the acquisition had been completed on July 1, 2018, the Company estimates it would have recorded an increase of $3.1 million in revenue and an increase of $1.0 million in net income for the year ended June 30, 2019.

(vi) Immaterial Transactions

During the year ended June 30, 2019, the Company acquired 100% ownership of two businesses complementary to our existing lines of business. Goodwill represents expected operational synergies arising from the acquired workforce and the benefits of acquiring the established businesses. None of the amount assigned to goodwill is expected to be deductible for tax purposes.

Note 13 Non-Controlling Interests

Accounting Policy

Non-controlling interests ("NCI") are recognized either at fair value or at the NCI's proportionate share of the acquiree's net assets, determined on an acquisition-by-acquisition basis. For each acquisition, the excess of total consideration, the fair value of previously held equity interests held prior to obtaining control and the NCI in the acquiree, over the fair value of the identifiable net asset acquired, is recorded as goodwill.

The change in non-controlling interests is as follows:

	Total
	$
Balance, June 30, 2019	4,410
Change in ownership interest	(2,100)
Share of loss for the period	(26,666)
Balance, June 30, 2020	(24,356)

During the year ended June 30, 2020, the Company wound down Hempco's operations and is currently contemplating the sale of certain property, plant and equipment.

Aurora Nordic

As of June 30, 2020, the Company held a 51% ownership interest (June 30, 2019 - 51%) in Aurora Nordic, located in Odense, Denmark. The following table presents the summarized financial information for Aurora Nordic before intercompany eliminations.

	June 30, 2020
	$
Current assets	5,947
Non-current assets	21,171
Current liabilities	3,067
Non-current liabilities	80,590
Revenue for the year ended	171
Net loss for the year ended	(54,421)

Hempco

Hempco is a producer of industrial hemp products and is developing hemp foods, hemp fiber and hemp nutraceuticals in Canada. Aurora initially acquired a22.3% ownership interest in Hempco by subscribing to its private placement of 10,558,676 units at $0.3075 per unit for gross proceeds of $3.2 million. On March 22, 2018 and May 7, 2018, the Company increased its ownership in Hempco to 35.1% and 52.3%, respectively, through the exercise of 10,558,676 share purchase warrants at $0.41 for a cost of $4.3 million, and the exercise of its call option to purchase 10,754,942 shares from the two founders at $0.40 per share for a cost $4.3 million, respectively.

On August 19, 2019, the Company completed the acquisition of the remaining common shares of Hempco not previously owned by Aurora. The Company issued a total of 217,554 shares and reserved 20,217 of shares issuable upon the potential exercise of certain outstanding Hempco stock options. As Aurora previously controlled Hempco with a 51%ownership interest, the transaction resulted in a change to Aurora's ownership stake and was accounted for as an equity transaction. The $18.3 million difference between the $2.1 million in NCI interest and the $20.4 million fair value of consideration paid was recognized directly in deficit. Prior to the acquisition of the remaining ownership interest, Hempco was listed on the TSX Venture Exchange.

Note 14 Intangible Assets and Goodwill

Accounting Policy

Intangible assets

Intangible assets are recorded at cost less accumulated amortization and any impairment losses. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangibles is calculated on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any, over the following terms:

Customer relationships	2 - 8 years
Health Canada licenses	Useful life of the facility
Other operating licenses	8 - 18 years
Patents	10 years
IP and Know-how	5 - 10 years
ERP Software	5 years

The estimated useful lives, residual values and amortization methods are reviewed annually and any changes in estimates are accounted for prospectively. Intangible assets with an indefinite life or not yet available for use are not subject to amortization.

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized as research and development expenses on the consolidated statement of comprehensive loss as incurred. Capitalized deferred development costs are internally generated intangible assets.

Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit (“CGU”) or group of CGUs which are expected to benefit from the synergies of the combination. Goodwill is not subject to amortization.

Impairment of intangible assets and goodwill

Goodwill and intangible assets with an indefinite life or not yet available for use are tested for impairment annually at year-end, and whenever events or circumstances that make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose all or a portion of a reporting unit. Finite life intangible assets are tested whenever there is an indication of impairment.

Goodwill and indefinite life intangible assets are tested annually at June 30 for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount. Indefinite life intangible assets are tested for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount. Goodwill is tested for impairment based on the level at which it is monitored by management, and not at a level higher than an operating segment. The Company’s goodwill is allocated to the cannabis operating segment and the U.S. CBD CGU, which represents the lowest level at which management monitors goodwill. The allocation of goodwill to the CGUs or group of CGUs requires the use of judgment.

An impairment loss is recognized for the amount by which the CGU’s carrying amount exceeds it recoverable amount. The recoverable amounts of the CGUs’ assets have been determined based on either fair value less costs of disposal or value-in-use method. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the CGU, given the necessity of making key economic assumptions about the future. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying value of assets in the CGU. Any impairment is recorded in profit and loss in the period in which the impairment is identified. A reversal of an asset impairment loss is allocated to the assets of the CGU on a pro rata basis. In allocating a reversal of an impairment loss, the carrying amount of an asset shall not be increased above the lower of its recoverable amount and the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior period. Impairment losses on goodwill are not subsequently reversed.

The following is a continuity schedule of intangible assets and goodwill:

	June 30, 2020				June 30, 2019		
	Cost	Accumulated amortization	Impairment	Net book value	Cost	Accumulated amortization	Net book value
Definite life intangible assets:							
Customer relationships and distribution network	104,807	(29,209)	(4,203)	71,395	86,278	(14,710)	71,568
Permits and licenses	216,220	(29,260)	(105,345)	81,615	227,916	(18,588)	209,328
Patents	1,895	(477)	—	1,418	1,895	(293)	1,602
Intellectual property and know-how	82,500	(25,308)	(4,401)	52,791	82,500	(12,386)	70,114
Software	35,137	(3,472)	—	31,665	17,824	(1,172)	16,652
Indefinite life intangible assets:							
Brand	148,399	—	(1,700)	146,699	148,399	—	148,399
Permits and licenses	170,098	—	(143,414)	26,684	170,703	—	170,703
Total intangible assets	759,056	(87,726)	(259,063)	412,267	735,515	(47,149)	688,366
Goodwill	3,213,513	—	(2,285,081)	928,432	3,172,550	—	3,172,550
Total	3,972,569	(87,726)	(2,544,144)	1,340,699	3,908,065	(47,149)	3,860,916

The following summarizes the changes in the net book value of intangible assets and goodwill for the periods presented:

	Balance, June 30, 2019	Additions [2]	Disposals	Amortization	Impairment	Foreign currency translation	Balance, June 30, 2020
Definite life intangible assets:							
Customer relationships and distribution network	71,568	18,529	—	(14,499)	(4,203)	—	71,395
Permits and licenses	209,328	493	(12,189)	(10,672)	(105,345)	—	81,615
Patents	1,602	—	—	(184)	—	—	1,418
Intellectual property and know-how	70,114	—	—	(12,922)	(4,401)	—	52,791
Software	16,652	17,313	—	(2,300)	—	—	31,665
Indefinite life intangible assets:							
Brand	148,399	—	—	—	(1,700)	—	146,699
Permits and licenses [1]	170,703	—	—	—	(143,414)	(605)	26,684
Total intangible assets	688,366	36,335	(12,189)	(40,577)	(259,063)	(605)	412,267
Goodwill	3,172,550	38,178	—	—	(2,285,081)	2,785	928,432
Total	3,860,916	74,513	(12,189)	(40,577)	(2,544,144)	2,180	1,340,699

(1) Indefinite life permits and licenses are predominantly held by the Company's foreign subsidiaries. Given that these permits and licenses are connected to the subsidiary rather than a specific asset, there is no foreseeable limit to the period over which these assets are expected to generate future cash inflows for the Company.
(2) Included in the $74.5 million additions is (i) a $13.5 million distribution network intangible asset and $38.2 million goodwill from the acquisition of Reliva (Note 12(a)(i)); (ii) $17.3 million from capitalized ERP costs; and (iii) $5.0 million from the acquisition of a customer list purchased through the issuance of common shares (Note 17(b)(i)).

	Balance, June 30, 2018 [2]	Additions from acquisitions	Additions [4]	Amortization	Impairment	Foreign currency translation	Balance, June 30, 2019
Definite life intangible assets:							
Customer relationships	9,331	69,400	5,362	(12,486)	(39)	—	71,568
Permits and licenses	95,471	111,300	19,202	(16,645)	—	—	209,328
Patents	2,132	130	—	(204)	(456)	—	1,602
Intellectual property and know-how	—	82,500	—	(12,386)	—	—	70,114
Software [1]	—	—	17,824	(1,172)	—	—	16,652
Indefinite life intangible assets [3]:							
Brand	70,854	78,200	—	—	(655)	—	148,399
Permits and licenses	22,544	153,702	—	—	(3,962)	(1,581)	170,703
Total intangible assets	200,332	495,232	42,388	(42,893)	(5,112)	(1,581)	688,366
Goodwill	760,744	2,416,940	—	—	(3,890)	(1,244)	3,172,550
Total	961,076	2,912,172	42,388	(42,893)	(9,002)	(2,825)	3,860,916

(1) During the year ended June 30, 2019, capitalized ERP costs with a net book value of $ 2.1 million were reclassified in accordance with *IAS 38 - Intangible Assets* from computer software & equipment ir property, plant and equipment owned assets (Note 10) to intangible assets.

(2) In accordance with *IFRS 3 - Business Combinations*, acquisition date fair values assigned to intangible assets have been adjusted, within the applicable measurement period, where new information is obtained about facts and circumstances that existed at the acquisition date (Note 12). Related amortization amounts have also been adjusted to reflect the outcomes of the finalized business combination purchase price allocations.
(3) Indefinite life permits and licenses are predominantly held by the Company's foreign subsidiaries. Given that these permits and licenses are connected to the subsidiary rather than a specific asset, there is no foreseeable limit to the period over which these assets are expected to generate future cash inflows for the Company.
(4) Included in the $42.4 million additions are $4.5 million and $5.4 million for the acquisition of an operating license and customer list, respectively, purchased through the issuance of common shares (Note 17(b)(i)).

As of June 30, 2020, all of the $173.4 million (June 30, 2019 – $319.1 million) indefinite life intangibles are allocated to the group of CGUs that comprise the cannabis operating segment. As of June 30, 2020, $890.3 million (June 30, 2019 – $3.2 billion) goodwill was allocated to the cannabis operating segment and $38.2 million (June 30, 2019 - nil) was allocated to the U.S CBD CGU.

At the end of each reporting period, the Company assesses whether there were events or changes in circumstances that would indicate that a CGU or group of CGUs were impaired. The Company considers external and internal factors, including overall financial performance and relevant entity-specific factors, as part of this assessment.

Asset Specific Impairments

During the year ended June 30, 2020, the Company initiated a plan to close operations at certain production facilities (Note 1 and 3) which adversely impacts the intended use of the related operating permits and licenses and certain property, plant and equipment (Note 10). The recoverable amount of the permits and licenses are estimated using a FVLCD approach which resulted in a nominal value. As a result, the Company recognized a $100.4 million impairment loss relating to these intangible assets for the year ended June 30, 2020 (June 30, 2019 – $4.0 million). These permits and licenses, and the corresponding impairment loss, is allocated to the cannabis operating segment (Note 26).

CGU and Goodwill Impairments

As at June 30, 2020, the Company performed its annual impairment test on its indefinite life intangible assets and goodwill. The recoverable amount of the operating segments to which goodwill is allocated and the CGUs to which indefinite life intangibles are allocated were determined based on FVLCD using Level 3 inputs in a DCF analysis. As the cannabis operating segment is comprised of various CGUs, management tested the individual CGUs, which contain the indefinite life intangibles, for impairment before the cannabis operating segment which contains the associated goodwill. Where applicable, the Company uses its market capitalization and comparative market multiples to corroborate discounted cash flow results. The significant assumptions applied in the determination of the recoverable amount are described below:

i. Cash flows: Estimated cash flows were projected based on actual operating results from internal sources as well as industry and market trends. Estimated cash flows are primarily driven by sales volumes, selling prices and operating costs. The forecasts are extended to a total of five years (and a terminal year thereafter);
ii. Terminal value growth rate: The terminal growth rate was based on historical and projected consumer price inflation, historical and projected economic indicators, and projected industry growth;
iii. Post-tax discount rate: The post-tax discount rate is reflective of the CGUs Weighted Average Cost of Capital ("WACC"). The WACC was estimated based on the risk-free rate, equity risk premium, beta adjustment to the equity risk premium based on a direct comparison approach, an unsystematic risk premium, and after-tax cost of debt based on corporate bond yields; and
iv. Tax rate: The tax rates used in determining the future cash flows were those substantively enacted at the respective valuation date.

The following table outlines the key assumptions used in calculating the recoverable amount for each CGU and operating segment tested for impairment as at June 30, 2020 and June 30, 2019:

	Indefinite Life Intangible Impairment Testing			Goodwill Impairment Testing	
	Canadian Cannabis CGU	European Cannabis CGU	Latin American CGU	Cannabis Operating Segment	U.S CBD CGU (1)
June 30, 2020					
Terminal value growth rate	3.0%	3.0%	n/a	3.0%	3.0%
Discount rate	16.1%	16.0%	n/a	16.1%	20.3%
Budgeted revenue growth rate (average of next five years)	44.9%	75.0%	n/a	45.4%	212.4%
Fair value less cost to dispose	$1,956,844	$113,703	n/a	$2,188,056	$54,367
June 30, 2019					
Terminal value growth rate	3.0%	3.0%	1.9%	3.0%	n/a
Discount rate	11.5%	18.5%	28.4%	13.5%	n/a
Budgeted revenue growth rate (average of next five years)	69.5%	88.7%	60.5%	78.6%	n/a
Fair value less cost to dispose	$4,287,265	$50,707	$299,012	$6,037,423	n/a

(1) Goodwill is a result of the Company's acquisition of Reliva (Note 12(a)(i)) on May 28, 2020; no comparative period information is presented.

CGU impairments

As at December 31, 2019, management performed an indicator-based test as there were events or changes in circumstances that indicated that a CGU or group of CGUs were impaired. The Company considers external and internal factors, including overall financial performance and relevant entity-specific factors, as part of this assessment. As at December 31, 2019, the following factors were identified as impairment indicators:

i. Revenue decline - Constraints in the provincial retail distribution network, including a slower than expected roll-out of retail stores across Canada, has resulted in a decrease of expected sales and profitability as compared to outcomes initially forecasted by management;
ii. Change in strategic plans - Halting of construction at Aurora's Nordic Sky Facility and deferral of the majority of final construction and commissioning activities at its Aurora Sun Facility;
iii. Decline in stock price and market capitalization - As at December 31, 2019, the carrying amount of the Company's total net assets exceeded the Company's market capitalization.

Key assumptions used in calculating the recoverable amount for each CGU tested for impairment as at December 31, 2019 is outlined in the following table:

	Canadian Cannabis CGU	Latin American CGU	European Hemp CGU	Analytical Testing CGU
Terminal value growth rate	3.0%	3.0%	3.0%	3.0%
Discount Rate	11.5%	31.8%	15.0%	14.0%
Budgeted Revenue growth rate (average of next five years)	50.6%	3.0%	13.5%	12.5%
Fair Value Less Cost to Dispose	$3,712,967	$12,386	$11,572	$8,064

Canadian Cannabis CGU

The Company's Canadian Cannabis CGU represents its operations dedicated to the cultivation and sale of cannabis products within Canada and forms part of the Company's cannabis operating segment. Management concluded that the recoverable amount was higher than the carrying value as at June 30, 2020 and as at December 31, 2019, and no impairment was recognized within the Canadian Cannabis CGU (June 30, 2019 -nil).

European Cannabis CGU

The Company's European Cannabis CGU represents its operations dedicated to the cultivation and sale of cannabis products within Europe and forms part of the Company's cannabis operating segment. Management concluded that the recoverable amount was higher than the carrying value as at June 30, 2020, and no impairment was recognized within the European Cannabis CGU (June 30, 2019 - nil).

Latin American ("LATAM") CGU

The Company's LATAM CGU represents its operations dedicated to the cultivation and sale of cannabis and hemp products within LATAM. This CGU is attributed to the Company's cannabis operating segment. As a result of the impairment test, management concluded that the carrying value was higher than the recoverable amount and recorded impairment losses of $152.3 million during the three months ended December 31, 2019. Management allocated the impairment loss based on the relative carrying amounts of the CGU's assets at the impairment date, with no individual asset being reduced below its recoverable amount. Management allocated $143.4 million of impairment losses to the CGU's indefinite life permits and licenses and $8.8 million of impairment losses to property, plant and equipment (Note 10).

European Hemp CGU

The Company's European Hemp CGU represents its operations dedicated to the cultivation and sale of hemp products within Europe. This CGU is attributed to the Company's cannabis operating segment. As a result of the impairment test, management concluded that the carrying value was higher than the recoverable amount and recorded impairment losses of $7.0 million during the three months ended December 31, 2019. Management allocated the impairment loss based on the relative carrying amounts of the CGU's assets at the impairment date, with no individual asset being reduced below its recoverable amount. The impairment loss was fully allocated to property, plant and equipment (Note 10).

Analytical Testing CGU

The Company's Analytical Testing CGU represents its operations dedicated to analytical and quality control testing of cannabis. This CGU is attributed to the Company's cannabis operating segment. As a result of the impairment test, management concluded that the carrying value was higher than the recoverable amount and recorded impairment losses of $12.8 million during the three months ended December 31, 2019. Management allocated the impairment loss based on the relative carrying amounts of the CGU's assets at the impairment date, with no individual asset being reduced below its recoverable amount. The impairment loss was allocated among intangible assets including customer relationships, definite life permits and licenses, know-how and brand.

Patient Counseling CGU

The Company's Patient Counseling CGU represents its operations dedicated to patient counseling and educational operations. This CGU is attributed to the Company's cannabis operating segment. The recoverable amount of $0.5 million was determined using a FVLCD method by discounting the most recent expected future net cash flows to the Company from the investment. Management concluded that the estimated recoverable amount of the investment is nominal and as a result, recorded impairment losses of $2.5 million during the three months ended December 31, 2019.

Management allocated the impairment loss based on the relative carrying amounts of the CGU's assets at the impairment date, with no individual asset being reduced below its recoverable amount. The impairment loss was allocated to the customer relationship intangible asset.

Operating segment impairments

Horizontally Integrated Businesses Operating Segment

As at March 31, 2019, the Company recognized recognized impairment losses of $3.9 million and $1.1 million for goodwill and intangible assets, respectively. Management estimated the recoverable amount using the value-in-use method which resulted in an immaterial recoverable amount.

Cannabis Operating Segment (Goodwill)

During the year ended June 30, 2020, the company recorded a total goodwill impairment loss of $2.3 billion. As a result of the impairment test as at June 30, 2020 and as at December 31, 2019, management concluded that the carrying value of the cannabis operating segment was higher than the $3.7 billion and $4.7 billion recoverable amount, respectively, and recorded impairment losses of $1.52 billion and $762.2 million during the three months ended June 30, 2020 and the three months ended December 31, 2019. The impairment was allocated entirely to reduce goodwill for the cannabis operating segment. The impairment loss was recognized due to a change in overall industry and market conditions, a change in management's forecasted sales and profitability outlook, and a realignment and refocus of strategic plans to meet market demand.

U.S CBD CGU (Goodwill)

The Company's U.S. CBD CGU represents its operations dedicated to the sale of hemp-derived CBD products in the U.S. As a result of the impairment test as at June 30, 2020, management concluded that the recoverable amount of the U.S CBD CGU was higher than the carrying value and no impairment was recognized.

Note 15 Convertible Debentures

Accounting Policy

Convertible debentures are financial instruments which are accounted for separately dependent on the nature of their components: a financial liability and an equity instrument. The identification of such components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement. Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance. Where the conversion option has a variable conversion rate, the conversion option is recognized as a derivative liability measured at fair value through profit and loss. The residual amount is recognized as a financial liability and subsequently measured at amortized cost. The determination of the fair value is also an area of significant judgment given that it is subject to various inputs, assumptions and estimates including: contractual future cash flows, discount rates, credit spreads and volatility.

Transaction costs are apportioned to the debt liability and equity components in proportion to the allocation of proceeds.

	Nov 2017 (i)	Mar 2018 (ii)	Jan 2019 (iii)	Total
	$	$	$	$
Balance, June 30, 2018	637	190,891	—	191,528
Issued	—	—	460,610	460,610
Conversion option portion	—	—	(169,228)	(169,228)
Financing fees	—	—	(14,965)	(14,965)
Conversion of debt	(640)	(378)	—	(1,018)
Interest paid	(69)	(11,466)	—	(11,535)
Accretion	34	21,574	10,046	31,654
Accrued interest	38	11,473	10,886	22,397
Unrealized gain on foreign exchange	—	—	(5,862)	(5,862)
Balance, June 30, 2019	—	212,094	291,487	503,581
Current portion	—	(212,094)	(23,815)	(235,909)
Long-term portion	—	—	267,672	267,672
Balance, June 30, 2019	—	212,094	291,487	503,581
Conversion of debt	—	(219,614)	—	(219,614)
Interest paid	—	(7,948)	(27,789)	(35,737)
Accretion	—	9,857	26,942	36,799
Accrued interest	—	7,917	25,548	33,465
Principal repayment	—	(2,306)	—	(2,306)
Unrealized gain on foreign exchange	—	—	10,850	10,850
Balance, June 30, 2020	—	—	327,038	327,038
Current portion	—	—	(32,110)	(32,110)
Long-term portion	—	—	294,928	294,928

(i) Represents $115.0 million principal amount of convertible debentures that were unsecured, bore interest at 6% per annum and mature on November 28, 2022. The principal amount of the debentures is convertible by the holder into common shares of the Company at $78.00 per share subject to a forced conversion if the VWAP of the Company's common shares exceed $108.00 per share for 10 consecutive trading days. The convertible debenture was fully converted during the year ended June 30, 2019.

(ii) On March 9, 2018, the Company completed a private placement of $230.0 million 2-year unsecured convertible debentures (the "March 2018 Debentures"). The debentures bore interest at 5% per annum, payable semi-annually. The debentures were convertible by the holder into common shares of the Company at a price of $156.60 per share subject to a forced conversion if the VWAP of the Company's common shares exceeded $204.00 per share for 10 consecutive trading days.

During the year ended June 30, 2019, the Company issued 2,765 common shares on the partial conversion of $0.4 million principal amount of the debentures.

In November 2019, the Company provided notice to all holders of the March 2018 Debentures of an option to voluntarily convert their debentures at a temporarily amended early conversion price of $39.40 (the "Amended Early Conversion Price") calculated based on a 6% discount to the average daily VWAP of Aurora's common shares on both the Canadian and U.S. stock exchanges.

On November 25, 2019, $227.0 million principal amount, or approximately 99%, of the March 2018 Debentures were converted under the Amended Early Conversion Price into 5,761,260 common shares of Aurora. Debenture holders that elected to convert also received a total of $7.9 million of interest paid in cash which was comprised of: (i) $4.7 million of accrued and unpaid interest from the last interest payment date, being June 30, 2019, up to, but excluding, November 25, 2019, and (ii) $3.2 of million future unpaid interest from November 25, 2019, up to, but excluding, the date of maturity of the Debentures, being March 9, 2020. In accordance with *IAS 32 - Financial Instruments: Presentation*, the reduction of the conversion price to induce early conversion resulted in a loss of $172.3 million during the year ended June 30, 2020 (Note 20). The loss is calculated as the difference between the fair value of the consideration the holders received on conversion under the revised terms and the fair value of the consideration the holders would have received under the original terms of the agreement. On March 6, 2020, the Company repaid the remaining principal balance of $2.3 million in cash.

(iii) On January 24, 2019, the Company issued $460.6 million (US$345.0 million) in aggregate principal amount of Convertible Senior Notes due 2024 ("Senior Notes") issued at par value. Holders may convert all or any portion of the Senior Notes at any time. The Senior Notes are unsecured, mature on February 28, 2024 and bear cash interest semi-annually at a rate of 5.5% per annum. The initial conversion rate for the Senior Notes is 11.53 common shares per US$1,000 principal amount of Senior Notes, equivalent to an initial conversion price of approximately US$86.72 per common share.

On and after February 28, 2022 and prior to February 28, 2024, the Senior Notes are redeemable in whole or in part from time to time at the Company's option at par plus accrued and unpaid interest, provided that the VWAP of the shares on the NYSE for at least 20 trading days, during any 30 consecutive trading day period ending immediately preceding the date on which the notice of redemption is given, is not less than 130% of the conversion price then in effect, which currently equates to $112.74 per share.

On and after February 28, 2024, the Company has the option, upon not more than60 nor less than 30 days prior notice, to satisfy its obligations to pay on redemption or maturity, the principal amount of the Senior Notes, in whole or in part, in cash or by delivering freely tradable shares. Any accrued and unpaid interest will be paid in cash. Where redemption is executed through the issuance of shares, payment will be satisfied by delivering for each $1,000 due, that number of freely tradable shares obtained by dividing $1,000 by the VWAP of the shares on the NYSE for the 20 consecutive trading days ending 10 trading days prior to the date fixed for redemption or maturity.

Holders will also have the right to require Aurora to repurchase their Senior Notes upon the occurrence of certain customary events at a purchase price equal to100% of the principal amount of the Senior Notes to be repurchased, plus accrued and unpaid interest.

The Senior Notes and any common shares of Aurora issuable upon conversion of the Senior Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any state securities laws, or qualified for distribution by prospectus in Canada, and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements, or sold in Canada absent an exemption from the prospectus requirements of Canadian securities laws.

In accordance with IFRS 9, the equity conversion option embedded in the Senior Notes was determined to be a derivative liability, which has been recognized separately at its fair value. Subsequent changes in the fair value of the equity conversion option will be recognized through profit and loss (i.e. FVTPL). The equity conversion option was classified as an option liability as it can be settled through the issuance of a variable number of shares, cash or a combination thereof, based on the exchange rate and or trading price at the time of settlement.

The debt host has been recognized at its amortized cost of $276.4 million, which represents the remaining fair value allocated from total net proceeds received of $445.6 million (US $334.7 million) after $169.2 million (US $126.8 million) was allocated to the derivative liability representing the equity conversion option. Management elected to capitalize transaction costs, which are directly attributable to the issuance of the Senior Notes. These transaction costs total $15.0 million and have been netted against the principal amount of the debt.

As of June 30, 2020, the conversion option had a fair value of $1.8 million (June 30, 2019 – $177.4 million) and the Company recognized a $175.6 million unrealized gain on the derivative liability for the year ended June 30, 2020 (year ended June 30, 2019 – $8.2 million unrealized loss)(Note 20). The fair value of the conversion option was determined based on the Kynex valuation model with the following assumptions: share price of US$12.42 (June 30, 2019 – US$93.84), volatility of 75% (June 30, 2019 – 60%), implied credit spread of 3,297 bps (June 30, 2019 – 897 bps), and assumed stock borrow rate of 50% (June 30, 2019 – 15%). As of June 30, 2020, the Company has accrued interest payable of $8.6 million (June 30, 2019 - $10.9 million) on these Senior Notes.

Note 16 Loans and Borrowings

Accounting Policy

Loans and borrowings are classified as other financial liabilities and are measured at fair value at initial recognition and subsequently at amortized cost. Transactions costs are deferred and amortized over the term of the liability.

On July 1, 2019, the Company adopted *IFRS 16: Leases* (Note 2(i)(i)) which replaced *IAS 17: Leases*.

As at June 30, 2020, the Company had the following loans and borrowings:

	Note	June 30, 2020	June 30, 2019
		$	$
Term loan credit facilities	16(a)	113,921	139,900
Debentures		4	18
Lease liabilities	16(b)	90,284	1,326
Total loans and borrowings		204,209	141,244
Current portion		(120,508)	(13,758)
Long-term portion		83,701	127,486

(a) Credit facilities

The changes in the carrying value of current and non-current credit facilities are as follows:

	Term loan credit facilities	Revolving credit facility
	$	$
Balance, June 30, 2018	10,637	—
Additions	150,985	—
Deferred financing fee	(3,744)	—
Assumed on acquisition	6,003	—
Gain on debt modification	(1,886)	—
Accretion	5,760	—
Interest payments	(6,479)	—
Principal repayments	(21,376)	—
Balance, June 30, 2019	139,900	—
Current portion	(13,398)	—
Long-term portion	126,502	—

Balance, June 30, 2019	139,900	—
Additions	64,394	22,000
Deferred financing fee	(1,937)	—
Gain on debt modification	(1,287)	—
Accretion	12,497	108
Interest payments	(6,516)	(108)
Principal repayments	(93,130)	(22,000)
Balance, June 30, 2020	113,921	—
Current portion	(113,921)	—
Long-term portion	—	—

On August 29, 2018, the Company entered into a secured credit agreement (as amended, the "Credit Agreement") with Bank of Montreal ("BMO") and certain lenders to establish a credit facility (as amended, the "Credit Facility"). Under the original terms of the Credit Facility, we had access to an aggregate of $200.0 million in funds that are available through a $50.0 million revolving credit facility ("Facility A") and a $150.0 million non-revolving facility ("Facility B").

On September 4, 2019, the Company executed an amendment and upsized its existing $200.0 million Credit Facility to $360.9 million (the "First Amended and Restated Credit Agreement"). The First Amended and Restated Credit Agreement consisted of an additional $160.9 million comprised of a $64.4 million non-revolving facility ("Facility C"), a $96.5 million non-revolving facility ("Facility D") which represented capital committed for the construction of Aurora Sun, and an additional option to increase the amended credit facility by $39.1 million subject to certain customary terms and conditions.

On March 25, 2020, the Company executed an amendment to the First Amended and Restated Credit Agreement (the "First Amendment to the First Amended and Restated Credit Agreement") which reduces the overall borrowing capacity to $264.4 million by eliminating Facility D, as a result of the Company halting construction on Aurora Sun. In conjunction with the First Amendment to the First Amended and Restated Credit Agreement, the Company utilized its $45.0 million restricted cash collateral balance to repay and permanently reduce the outstanding term loan balance under Facility C.

On March 27, 2020, the Company drew $22.0 million under Facility A which bears interest at a rate of 4.70%, based on a Canadian prime rate of 2.45% plus an applicable margin of 2.25%, payable monthly. During the year ended June 30, 2020, the Company repaid the $22.0 million principal drawn under Facility A plus any unpaid and accrued interest. Draws under Facility A are subject to a borrowing base limit determined based on certain eligible receivables less certain statutory payables. As at June 30, 2020, $41.6 million of total borrowing capacity remains undrawn under Facility A, of which $10.0 million is available to the Company.

As of June 30, 2020, the Company had a total of $1.4 million of letters of credit and no principal outstanding under Facility A, $113.8 million principal outstanding under Facility B, and $3.7 million principal outstanding under Facility C. In accordance with IFRS 9, the amounts outstanding under the amended Credit Facility were initially recorded at fair value and subsequently accounted for at amortized cost based on the effective interest rate.

During the year ended June 30, 2020, the Company sold all of its shares in Alcanna for gross proceeds of $27.6 million Note 5(c), of which $10.0 million was used to repay the principal outstanding under Facility C immediately and another $10.0 million was used to repay the principal outstanding under Facility C and Facility B on August 31, 2020. As of August 31, 2020, the Company's Facility C had been fully repaid and canceled.

Under the terms of the First Amended and Restated Credit Agreement, the Company is subject to certain customary financial and non-financial covenants and restrictions. The Credit Facility matures on August 29, 2021 and has a first ranking general security interest in the assets of Aurora

and the loans can be repaid at any time without penalty at Aurora's discretion. Interest and standby fees are accrued at variable rates based on the Company's borrowing elections and certain financial metrics.

Under the terms of the First Amended and Restated Credit Agreement and the First Amendment to the First Amended and Restated Credit Agreement, the Company can elect, at its sole discretion, to receive advances under Facility A, Facility B and Facility C through certain availment options, which includes prime rate loans and bankers' acceptances with maturity dates up to six months that, at the discretion of the Company, roll over upon their maturities unless Aurora elects to convert the then outstanding principal into prime rate loans at any time before August 29, 2021. During the six months ended December 31, 2019, the Company rolled over its advances for Facility B and C using the bankers' acceptances with 3-month maturity dates at an average rate of 5.33% (year ended June 30, 2019 - 5.22%). Subsequent to December 31, 2019, the Company elected to revert back to prime rate loans for Facility B and Facility C to take advantage of a lower interest rate of 4.70%. In accordance with IFRS 9, the loan conversions were determined to be a non-substantial modifications of the loan terms. As a result, the Company recognized gains of $1.3 million in the consolidated statement of comprehensive loss for the year ended June 30, 2020 (year ended June 30, 2019 – $1.9 million), with a corresponding adjustment to the carrying value of the Credit Facility. The gains were determined based on the difference between the original contractual cash flows and the modified expected cash flows, which was discounted at the original effective interest rate.

The First Amendment to the First Amended and Restated Credit Agreement reformulated the financial covenants governing the Credit Facility, and as of the execution of the First Amendment to the First Amended and Restated Credit Agreement, the Company was required meet the following financial covenants:

- Total funded debt to shareholders' equity is not to exceed 0.20:1 at any time. Total funded debt includes all obligations (except those noted below) which constitute debt and is calculated as the total principal outstanding under Facility A, Facility B, Facility C, the January 24, 2019 Senior Notes, total obligations under capital leases determined in accordance with *IAS 17: Leases,* and other obligations secured by Purchase-Money Security Interests, capitalized interest, the redemption price of any securities which are redeemable at the option of the holder, and any aggregate actual hedge liability. Total funded debt excludes accounts payable, payroll accruals, accruals in respect of normal business expenses and future income taxes;
- Maintenance of a minimum $35.0 million unrestricted cash balance at any time. Unrestricted cash is defined as the amount of cash held in bank accounts of secured companies maintained by BMO that are not subject to any lien or any other restriction that would prevent the Company from using such cash for operating purposes in the ordinary course of business, less any outstanding principal drawn under Facility A; and
- Achievement of quarterly minimum EBITDA thresholds beginning in the quarter ending September 30, 2020. For the purposes of this calculation, EBITDA is defined as the consolidated net income of the Company excluding the following: extraordinary or non-recurring income (expenses) and gains (losses), non-cash gains (losses) (such as unrealized foreign exchange gains (losses)) and income of the unsecured subsidiaries (except to the extent that dividends in respect of such income have been paid in cash by such unsecured subsidiaries to a secured company); plus the following amounts (to the extent such amounts were deducted in determining such consolidated net income, and without duplication): (a) Interest, fees and expenses paid in connection with permitted funded debt; (b) income and capital taxes; (c) depreciation and amortization; (d) non-cash charges and expenses such as unrealized foreign exchange losses and charges relating to the impairment of goodwill and other intangible assets; (e) non-cash share-based compensation; (f) extraordinary non-recurring expenses or losses to the extent approved by the lenders in writing; and (g) any other expenses approved in writing by the lenders in their discretion. The minimum thresholds were as follows:

    (i) for the fiscal quarter ended September 30,2020: $5.0 million;
    (ii) for the fiscal quarter ended December 31,2020: $5.0 million;
    (iii) for the fiscal quarter ended March 31, 2021: $16.0 million;
    (iv) for the fiscal quarter ended June 30, 2021: $25.0 million; and
    (v) for the twelve month fiscal period ending June 30, 2021: $51.0 million

As of June 30, 2020, the Company had a total funded debt to shareholders' equity ratio of 0.25:1 and an unrestricted cash balance of $143.9 million. As the Company exceeded its funded debt to shareholders' equity covenant, all amounts outstanding under the Credit Facility were classified as a current liability in accordance with *IAS 1 - Presentation of Financial Statements*.

On September 9, 2020, the Company executed an amendment to the First Amendment to the First Amended and Restated Credit Agreement (the "Second Amendment to the First Amended and Restated Credit Agreement") which restructures existing financial covenants and retroactively applies to and remedies the Company's covenant breach as at June 30, 2020. Under the Second Amendment to the First Amended and Restated Credit Agreement, the Company is required to meet the following financial covenants:

- Total funded debt to shareholders' equity is not to exceed 0.28:1 for the quarters ending June 30, 2020 and September 30, 2020, and shall be reduced to 0.25:1 for the quarter ending December 31, 2020 onwards. For the purposes of calculating the total funded debt to shareholders' equity ratio, shareholders' equity excludes the $172.3 million loss from the induced conversion of the March 2018 Debentures (Note 15(ii));
- Total senior funded debt to EBITDA is not to exceed 3.00:1 at June 30, 2021. Total senior funded debt is defined as total funded debt of the Aurora and its subsidiaries, other than subordinated debt and such convertible notes as agreed to be excluded by the Lenders;
- Maintenance of a minimum $35.0 million unrestricted cash balance at any time; and
- Achievement of quarterly minimum EBITDA thresholds as follows:

    (i) for the fiscal quarter ended September 30,2020: $(11.0) million;
    (ii) for the fiscal quarter ended December 31,2020: $4.0 million;
    (iii) for the fiscal quarter ended March 31, 2021: $10.0 million;
    (iv) for the fiscal quarter ended June 30, 2021: $17.0 million; and

(v) for the twelve month fiscal period ending June 30, 2021: $20.0 million.

Under the Second Amendment to the First Amended and Restated Credit Agreement effective September 9, 2020, the Company is in compliance with all amended and effective covenants. As this amendment was executed subsequent to June 30, 2020, the Company continues to classify the credit facilities as a current liability as at June 30, 2020 in accordance with *IAS 1 - Presentation of Financial Statements*.

(b) Lease liabilities

The following is a continuity schedule of lease liabilities:

	$
Balance, June 30, 2018	448
Lease additions	985
Assumed on acquisition	298
Lease payments	(405)
Balance, June 30, 2019	1,326
Current portion	(360)
Long-term portion	966

Balance, June 30, 2019	1,326
IFRS 16 transition [1]	95,464
Lease additions	9,465
Disposal of leases	(2,123)
Lease payments	(13,468)
Lease term reduction and other items [2]	(6,108)
Changes due to foreign exchange rates	185
Interest expense on lease liabilities	5,543
Balance, June 30, 2020	90,284
Current portion	(6,587)
Long-term portion	83,697

[1] Effective July 1, 2019, the Company adopted IFRS 16 *Leases* (Note 2(i)(i)*)*.

[2] As part of the Company's restructuring activities (Note 3), management re-assessed the likelihood of executing renewal options of its existing leases which resulted in a reduction of the assessed lease term of several of the Company's leases.

For the year ended June 30, 2020, the Company recorded $5.5 million rent expense, of which $0.8 million, $4.7 million, and $0.04 million was attributed to short-term leases, variable leases, and low-value leases, respectively.

Note 17 Share Capital

(a) Authorized

The authorized share capital of the Company is comprised of the following:

(i) Unlimited number of common voting shares without par value.
Each Common Share carries the right to attend and vote at all general meetings of shareholders. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available for the payment of dividends. Upon the liquidation, dissolution or winding up of the Company these holders are entitled to receive, on a pro rata basis, the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

(ii) Unlimited number of Class "A" Shares each with a par value of $1.00.
Class A shares may be issued from time to time in one or more series, and the directors may fix from time to time, before such issue, the number of Class A shares of each series and the designation, rights and restrictions attached thereto including any voting rights, dividend rights, redemption, purchase or conversion rights, sinking fund or other provisions. The Class A shares rank in priority over Common Shares and any other shares ranking by their terms junior to the Class A shares as to dividends and return of capital upon liquidation, dissolution or winding up of the Company or any other return of capital or distribution of the assets of the Company. As at June 30, 2020, no Class "A" Shares were issued and outstanding.

(iii) Unlimited number of Class "B" Shares each with a par value of $5.00.
Class B shares may be issued from time to time in one or more series, and the directors may fix from time to time, before such issue, the number of Class B shares of each series and the designation, rights and privileges attached thereto including any voting rights, dividend rights, redemption, purchase or conversion rights, sinking fund or other provisions. The Class B shares rank in priority over Common Shares and any other shares ranking by their terms junior to the Class B shares as to dividends and return of capital upon liquidation,

dissolution or winding up of the Company or any other return of capital or distribution of the assets of the Company. As at June 30, 2020, no Class "B" Shares were issued and outstanding.

(b) Issued and outstanding

As described under Note 2(a), on May 11, 2020, the Company completed a one-for-twelve (1:12) reverse share split of all of its issued and outstanding common shares. Shares reserved under the Company's equity and incentive plans were adjusted to reflect the Share Consolidation. All current and prior period share and per share data presented below has been retroactively adjusted to reflect the Share Consolidation unless otherwise noted.

On April 2, 2019, the Company filed a Shelf Prospectus and a corresponding Registration Statement with the SEC, which allows Aurora to make offerings of common shares, debt securities, subscription receipts, units, warrants or any combination thereof up to US$750.0 million during the 25-month period that the Shelf Prospectus is effective. In connection with the Shelf Prospectus, the Company also filed an ATM supplement which provides for US$400.0 million in common shares to be sold by registered dealers on behalf of Aurora in the United States at prevailing market prices at the time of sale. On April 16, 2020, the Company filed a second At-the-Market ("ATM") supplement to its existing Shelf Prospectus which provides for an additional US$250.0 million in common shares to be sold by the executing sales agents at market prices, thus increasing the total available financing under the ATM from US$400.0 million to US$650.0 million while reducing the total available financing under the Shelf Prospectus to US$100.0 million.

At June 30, 2020, 115,228,811 common shares (June 30, 2019 – 84,786,562) were issued and fully paid.

(i) Shares for business combinations, asset acquisitions and strategic investments

The Company issued the following shares for business combinations, asset acquisitions and investment in associates:

	Note	Number of shares issued	Share capital
		#	$
Year ended June 30, 2020			
Acquisition of Reliva	12(a)(i)	2,480,810	52,380
Acquisition of intangible asset	14	209,123	5,040
		2,689,933	57,420
Year ended June 30, 2019			
Acquisition of MedReleaf	12(b)(i)	30,843,353	2,568,634
Acquisition of Anandia	12(b)(ii)	1,059,707	78,588
Acquisition of Aurora Hemp Europe	12(b)(iii)	36,738	3,641
Acquisition of ICC	12(b)(iv)	2,658,722	255,237
Acquisition of Whistler	12(b)(v)	1,138,994	132,852
Acquisition of immaterial acquisitions	12(b)(vi)	22,376	2,101
Acquisition of intangible assets	14	113,864	9,841
Investment in EnWave	5(j)	70,049	10,000
		35,943,803	3,060,894

(ii) Shares issued for earn-out payments

During the year ended June 30, 2020, the Company issued an aggregate of 614,513 common shares for milestone payments in connection with three acquisitions (June 30, 2019 - 20,311 common shares in connection with two acquisitions).

(iii) Shares issued for equity financing

During the year ended June 30, 2020, the Company issued 21,009,339 common shares, under its At-the-Market ("ATM") program (Note 28(b)) for gross proceeds of $585.1 million (US$435.5 million) at an average price of $27.85 per share (US$20.73 per share). The Company paid commissions of $11.7 million (US$8.7 million) for net proceeds of $573.4 million (US$426.8 million).

(c) Share Purchase Warrants

Each whole warrant entitles the holder to purchase one common share of the Company. A summary of warrants outstanding is as follows:

	Warrants	Weighted average exercise price
	#	$
Balance, June 30, 2018	595,215	45.72
Issued	1,574,626	110.76
Exercised	(187,685)	63.60
Balance, June 30, 2019	1,982,156	95.76
Issued	90,495	31.46
Exercised	(986)	73.79
Expired	(992,918)	109.83
Balance, June 30, 2020	1,078,747	77.36

The following table summarizes the warrants that remain outstanding as at June 30, 2020:

Exercise Price ($)	Expiry Date	Warrants (#)
16.36 - 48.00	November 2, 2020 - May 29, 2025	550,555
112.46 - 116.09	August 9, 2023 to August 22, 2024	528,192
		1,078,747

(d) Compensation Options

Each compensation option entitles the holder to purchase one common share and one-half of one share purchase warrant of the Company. Each whole warrant is exercisable into one additional common share of the Company for a period of two years. A summary of the status of the compensation options outstanding is as follows:

	Compensation options	Weighted average exercise price
	#	$
Balance, June 30, 2018	300	55.52
Exercised	(300)	55.52
Balance, June 30, 2019 and 2020	—	—

Note 18 Share-Based Compensation

Accounting Policy

Stock Options

Stock options issued to employees are measured at fair value at the grant date and are recognized as an expense over the relevant vesting periods with a corresponding credit to share reserves.

Stock options issued to non-employees are measured at the fair value of goods or services received or the fair value of equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured. The fair value of non-employee stock options is recorded as an expense at the date the goods or services are received with a corresponding credit to share reserves.

Depending on the complexity of the stock option terms, the fair value of options is calculated using either the Black-Scholes option pricing model or the Binomial model. When determining the fair value of stock options, management is required to make certain assumptions and estimates related to expected lives, volatility, risk-free rate, future dividend yields and estimated forfeitures at the initial grant date.

The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Upon the exercise of stock options, proceeds received from stock option holders are recorded as an increase to share capital and the related share reserve is transferred to share capital.

Restricted Share Units ("RSUs") and Deferred Share Units ("DSUs")

RSUs are equity-settled share-based payments. RSUs are measured at their intrinsic fair value on the date of grant based on the closing price of the Company's shares on the date prior to the grant, and is recognized as share-based compensation expense over the vesting period with a corresponding credit to share reserves. Under IFRS, the Company's DSUs are classified as equity-settled share-based payment transactions as they are settled in either cash or common shares at the sole discretion of Aurora. As such, the DSUs are measured in the same manner as RSUs.

The amount recognized for services received as consideration for the RSUs and DSUs granted is based on the number of equity instruments that eventually vest. Upon the release of RSUs and DSUs, the related share reserve is transferred to share capital.

On September 25, 2017, the Board adopted a "rolling maximum" or "evergreen" stock option plan and a Restricted Share Unit Plan. Additionally, on October 5, 2018, the Board adopted a Directors Deferred Share Unit Plan (applicable to independent directors only). The Board of Directors may from time to time, in its discretion, and in accordance with the Toronto Stock Exchange requirements, grant to directors, officers, employees and consultants, non-transferable stock options, RSUs and DSUs. The maximum number of common shares issuable pursuant to all equity based compensation arrangements shall, at any time, not exceed 10% of the issued and outstanding common shares of the Company.

(a) Stock Options

A summary of stock-options outstanding is as follows:

	Stock Options	Weighted Average Exercise Price
	#	$
Balance, June 30, 2018	2,346,343	64.32
Granted	4,897,993	97.44
Exercised [1]	(1,202,242)	38.64
Forfeited	(348,697)	100.92
Balance, June 30, 2019	5,693,397	95.88
Granted	1,232,796	54.27
Exercised [1]	(103,828)	26.91
Expired	(135,926)	51.72
Forfeited	(937,936)	98.94
Balance, June 30, 2020	5,748,503	88.60

(1) The weighted average share price on the option exercise dates for the year ended June 30, 2020 was $78.08 (year ended June 30, 2019 – $120.60).

The following table summarizes the stock options that remain outstanding as at June 30, 2020:

Exercise Price ($)	Expiry Date	Weighted Average Remaining Life	Options Outstanding (#)	Options Exercisable (#)
3.54 - 19.80	August 10, 2020 - June 24, 2025	2.61	96,383	72,949
21.72 - 83.88	August 9, 2020 - May 25, 2025	3.13	1,848,143	1,001,407
84.00 - 119.88	December 21, 2022 - September 19, 2024	3.35	1,441,674	598,656
120.00 - 131.52	November 8, 2023 - March 13, 2026	5.37	1,928,815	758,568
132.00 - 202.33	October 23, 2023 - May 28, 2024	3.36	433,488	216,549
		3.95	5,748,503	2,648,129

During the year ended June 30, 2020, the Company recorded aggregate share-based compensation expense of $43.7 million (June 30, 2019 – $86.7 million) for all stock options granted and vested during the period. This expense is reflected in the share-based compensation line on the statement of comprehensive loss.

Included in the $43.7 million share-based compensation expense for the year ended June 30, 2020 is $4.3 million (year ended June 30, 2019 – $16.7 million) related to 1,663,480 stock options granted in March 2019 to a strategic advisor. These stock options are exercisable at $124.08 per share over seven years and vest ratably over a four-year period on a quarterly basis, subject to accelerated vesting based on the occurrence of certain events. The Company has rebutted the presumption that the fair value of the services received can be estimated reliably due to the unique nature of the strategic advisor's services. As such, in accordance with IFRS 2 for share-based payments granted to non-employees, the Company has measured the fair value of the options indirectly by reference to the fair value of the equity instruments granted. The Company will continue to fair value the unvested options at each period until they are fully vested.

Stock options granted during the respective periods highlighted below were fair valued based on the following weighted average assumptions:

	Year ended June 30, 2020	Year ended June 30, 2019
Risk-free annual interest rate [1]	0.88%	1.81%
Expected annual dividend yield	0%	0%
Expected stock price volatility [2]	89.60%	81.37%
Expected life of options (years) [3]	2.37	2.96
Forfeiture rate	12.54%	4.17%

(1) The risk-free rate is based on Canada government bonds with a remaining term equal to the expected life of the options.
(2) Volatility was estimated by using the average historical volatility of the Company.
(3) The expected life in years represents the period of time that options granted are expected to be outstanding.

The weighted average fair value of stock options granted during the year ended June 30, 2020 was $25.26 (June 30, 2019 – $63.36) per option.

(b) Restricted Share Units ("RSU") and Deferred Share Units ("DSU")

Under the terms of the RSU plan, directors, officers, employees and consultants of the Company may be granted RSUs that are released as common shares upon completion of the vesting period. Each RSU gives the participant the right to receive one common share of the Company. The Company has reserved 833,333 common shares for issuance under this plan.

Under the terms of the DSU plan, non-employee directors of the Company may be granted DSUs. Each participant is entitled to redeem their DSUs for period of90 days following their termination date, being the date of the participant's retirement or cessation of employment. The DSUs can be redeemed, at the Company's sole discretion, for (i) cash; (ii) common shares issued from treasury; (iii) common shares purchased in the open market; or (iv) any combination of the foregoing. The number of DSUs outstanding pursuant to the plan shall not exceed 83,333 common shares.

A summary of the RSUs and DSUs outstanding are as follows:

	RSUs and DSUs	Weighted Average Issue Price of RSUs and DSUs
	#	$
Balance, June 30, 2018	179,167	39.48
Issued	61,877	96.24
Vested, released and issued	(61,849)	40.08
Forfeited	(10,000)	50.04
Balance, June 30, 2019	169,195	59.28
Issued	266,640	37.82
Vested, released and issued	(44,823)	50.58
Forfeited	(14,716)	86.77
Balance, June 30, 2020	376,296	44.06

(1) As of June 30, 2020, there were 360,098 RSUs and 16,198 DSUs outstanding (June 30, 2019 - 166,778 RSUs and 2,417 DSUs).

During the year ended June 30, 2020, the Company recorded share-based compensation of $5.8 million (year ended June 30, 2019 – $5.3 million) for RSUs and DSUs granted and vested during the period. This expense is included in the share-based compensation line on the statement of comprehensive loss.

The weighted average fair value of RSUs and DSUs granted in the year ended June 30, 2020 was $37.82 (year ended June 30, 2019 – $96.24).

The following table summarizes the RSUs and DSUs that remain outstanding as at June 30, 2020:

Weighted Average Issue Price ($)	Expiry Date	Outstanding (#)	Vested (#)
10.45 - 24.99	September 29, 2020 - February 10, 2025	209,322	23,516
25.00 - 88.67	August 3, 2021 - March 13, 2023	80,942	51,015
88.68 - 123.84	July 12, 2021 - January 15, 2023	86,032	27,025
		376,296	101,556

Note 19 Loss Per Share

Accounting Policy

The Company calculates basic (loss) earnings per share by dividing net (loss) income by the weighted average number of common shares outstanding during the period. Diluted (loss) earnings per share is determined by adjusting profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares, which comprise convertible debentures, RSU, DSU, warrants and share options issued.

The following is a reconciliation of basic and diluted loss per share:

	Year ended June 30, 2020	Year ended June 30, 2019
Net loss from continuing operations attributable to Aurora shareholders	($3,273,827)	($293,653)
Net loss from discontinuing operations attributable to Aurora shareholders	($9,844)	$144
Net loss attributable to Aurora shareholders	($3,283,671)	($293,509)
Weighted average number of common shares outstanding	96,753,429	80,122,906
Continuing operations, basic and diluted loss per share	($33.84)	($3.66)
Discontinued operations, basic and diluted loss per share	($0.10)	$—
Basic and diluted loss per share	($33.94)	($3.66)

Diluted loss per share is the same as basic loss per share as the issuance of shares on the exercise of convertible debentures, RSU, DSU, warrants and share options is anti-dilutive.

Refer to Note 30 for share issuances and potential share issuances subsequent to June 30, 2020 that may be dilutive, impacting the number of shares outstanding and the calculation of basic and dilutive loss per share.

Note 20 Other (Losses) Gains

	Note	June 30, 2020	June 30, 2019
		$	$
Share of loss from investment in associates	7	(11,534)	(9,573)
Gain on deemed disposal of significant influence investment	5(c)	11,955	144,368
Loss on induced conversion of debenture	15(ii)	(172,291)	—
Unrealized loss on derivative investments	6(b)	(34,069)	(14,866)
Unrealized gain (loss) on derivative liability	15(iii)	175,568	(8,167)
Unrealized gain (loss) on changes in contingent consideration fair value	27	2,357	(3,263)
Gain on debt modification	16(a)	1,287	1,886
Gain on loss of control of subsidiary		500	412
Provision for minimum purchase commitments	24(b)	(2,416)	—
Total other (losses) gains		(28,643)	110,797

Note 21 Supplemental Cash Flow Information

The changes in non-cash working capital are as follows:

	June 30, 2020	June 30, 2019
	$	$
Accounts receivable	55,459	(68,519)
Biological assets	(62,177)	(41,858)
Inventory	32,787	(8,558)
Prepaid and other current assets	1,748	(11,029)
Accounts payable and accrued liabilities	(21,459)	100,573
Income taxes payable	3,369	(6,306)
Deferred revenue	2,116	(1,588)
Provisions	(4,200)	—
Changes in operating assets and liabilities	7,643	(37,285)

Additional supplementary cash flow information are as follows:

	June 30, 2020	June 30, 2019
	$	$
Property, plant and equipment in accounts payable	7,867	41,646
Right-of-use-asset additions	9,386	—
Capitalized borrowing costs	21,961	25,244
Interest paid	47,904	18,055
Interest received	2,516	4,970

Note 22 Income Taxes

Accounting Policy

Tax expense recognized in profit or loss comprises the sum of current and deferred taxes not recognized in other comprehensive (loss) income or equity.

Current tax assets and liabilities

Current tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. Current tax assets arise when the amount paid for taxes exceeds the amount due for the current and prior periods.

Deferred tax assets and liabilities

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective periods of realization, provided they are enacted or substantively enacted at the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Significant estimates are required in determining the Company's provision for income taxes and uncertain tax positions. Some of these estimates are based on interpretations of existing tax laws or regulations. Various internal and external factors may have favorable or unfavorable effects on the Company's future effective tax rate. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, changes in estimates of prior years' items, results of tax audits by tax authorities, future levels of research and development spending, changes in estimates related to repatriation of undistributed earnings of foreign subsidiaries, and changes in overall levels of pre-tax earnings. The realization of the Company's deferred tax assets is primarily dependent on whether the Company is able to generate sufficient capital gains and taxable income prior to expiration of any loss carry forward balance. A valuation allowance is provided when it is more likely than not that a deferred tax asset will not be realized. The assessment of whether or not a valuation allowance is required often requires significant judgment with regard to management's assessment of the long-range forecast of future taxable income and the evaluation of tax planning initiatives. Adjustments to the deferred tax valuation allowances are made to earnings in the period when such assessments are made.

The Company records tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available at the reporting date. There is inherent uncertainty in quantifying income tax positions. The Company has recorded tax benefits for those tax positions where it is more likely than not that a tax benefit will result upon ultimate settlement with a tax authority that has all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will result, no tax benefit has been recognized in the consolidated financial statements.

The net tax provision differs from that expected by applying the combined federal and provincial tax rates of 27.0% (June 30, 2019 – 27.0%) to loss before income tax for the following reasons:

	2020	*Restated Note 2(h)* 2019
	$	$
Loss from continuing operations before tax	(3,383,896)	(330,649)
Combined federal and provincial rate	27.0%	27.0%
Expected tax recovery from continuing operations	(913,652)	(89,275)
Change in estimates from prior year	(115)	2,984
Foreign exchange	(373)	—
Non-deductible expenses	20,081	34,552
Non-deducible (non-taxable) portion of capital items	20,839	(11,344)
Non-deducible loss on conversion of debt	46,598	—
Goodwill and other impairment items	659,980	—
Tax impact on divestitures	(5,170)	—
Difference in statutory tax rate	17,414	(665)
Effect of change in tax rates	711	3,793
Changes in deferred tax benefits not recognized	70,284	30,046
Income tax recovery from continuing operations	(83,403)	(29,909)

(1) Excludes tax expense from discontinued operations of $0.5 million (2019 - $1.3 million recovery) and the tax expense from the loss on the sale of the discontinued operation of nil (2019 - nil). These amounts are included in net loss (income) from discontinued operations, net of tax on the statement of comprehensive loss.

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of asset and liabilities for financial reporting purposes and their tax values. Movements in deferred tax assets (liabilities) at June 30, 2020 and 2019 are comprised of the following:

	As of June 30, 2019	Discontinued operations	Recovered through (charged to) earnings	Recovered through (charged to) other comprehensive income	Recovered through (charged to) equity	As of June 30, 2020
	$	$	$	$	$	$
Deferred tax assets						
Non-capital losses	44,303	(1,358)	82,761	81	—	125,787
Capital losses	—	—	501	—	—	501
Finance costs	11,545	—	(4,087)	—	2,231	9,689
Investment tax credit	728	—	(159)	—	—	569
Property, plant and equipment	13,701	401	(14,102)	—	—	—
Derivatives	37,462	—	(37,042)	—	—	420
Leases	—	—	13,050	25	—	13,075
Others	9,470	—	(9,470)		—	—
Total deferred tax assets	117,209	(957)	31,452	106	2,231	150,041
Deferred tax liabilities						
Convertible debenture	(47,089)	—	11,599	—	1,703	(33,787)
Marketable securities	(6,141)	—	4,916	624	601	—
Investment in associates	(4,409)	—	4,409	—	—	—
Derivatives	—	—	—	—	—	—
Intangible assets	(129,562)	—	38,807	(197)	—	(90,952)
Property, plant and equipment	—	—	(7,100)	(18)	—	(7,118)
Inventory	(11,665)	—	(3,007)	—	—	(14,672)
Biological assets	(9,313)	—	2,404	—	—	(6,909)
Others	—	—	(549)	—	—	(549)
Total deferred tax liabilities	(208,179)	—	51,479	409	2,304	(153,987)
Net deferred tax assets (liabilities)	(90,970)	(957)	82,931	515	4,535	(3,946)

Restated (Note 2(h))	As of June 30, 2018	Discontinued operations	Deferred tax assets (liabilities) assumed from acquisition	Recovered through (charged to) earnings	Recovered through (charged to) other comprehensive income	Recovered through (charged to) equity	As of June 30, 2019
	$	$	$	$	$	$	$
Deferred tax assets							
Non-capital losses	30,186	739	10,552	2,826	—	—	44,303
Finance costs	7,888	—	4,710	(1,053)	—	—	11,545
Investment tax credit	593	—	—	135	—	—	728
Property, plant and equipment	—	—	7,835	5,866	—	—	13,701
Derivatives	—	—	—	37,462	—	—	37,462
Others	658	(55)	90	8,777	—	—	9,470
Total deferred tax assets	39,325	684	23,187	54,013	—	—	117,209
Deferred tax liabilities							
Convertible debenture	(10,905)	—	—	(36,597)	—	413	(47,089)
Marketable securities	(3,799)	—	—	(20,145)	17,803	—	(6,141)
Investment in associates	(10,313)	—	—	5,384	520	—	(4,409)
Derivatives	(15,530)	—	—	15,530	—	—	—
Intangible assets	(44,433)	—	(93,201)	8,072	—	—	(129,562)
Property, plant and equipment	(1,738)	(420)	—	2,158	—	—	—
Inventory	(4,975)	—	(8,456)	1,766	—	—	(11,665)
Biological assets	(3,041)	—	—	(6,272)	—	—	(9,313)
Total deferred tax liabilities	(94,734)	(420)	(101,657)	(30,104)	18,323	413	(208,179)
Net deferred tax assets (liabilities)	(55,409)	264	(78,470)	23,909	18,323	413	(90,970)

Deferred tax assets not recognized in respect of deductible temporary differences, unused tax losses, and tax credits are as follows:

	2020	2019
	$	$
Non-capital losses carried forward	220,292	85,484
Investment in associates	33,629	87,704
Capital losses	131,295	—
Fixed assets	154,523	—
Intangible assets	3,668	—
Marketable Securities	23,792	—
Investment tax credits	5,034	—
Derivatives	2,860	—
Capital lease obligations	5,408	—
Other	6,198	—
	586,699	173,188

The Company has income tax loss carryforwards of approximately $595.7 million (June 30, 2019 – $173.2 million) which are predominately from Canada and if unused, will expire between 2022 to 2040.

Note 23 Related Party Transactions

Accounting Policy

The Company considers a person or entity as a related party if they are a member of key management personnel including their close relatives, an associate or joint venture, those having significant influence over the Company, as well as entities that are under common control or controlled by related parties.

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team and management directors. Compensation expense for key management personnel was as follows:

	Years ended June 30,	
	2020	2019
	$	$
Short-term employment benefits [1]	8,118	7,446
Termination benefit	4,553	—
Directors' fees [2]	586	349
Share-based compensation [3]	20,628	20,132
Total management compensation [4]	33,885	27,927

(1) Short-term employment benefits include salaries, wages, bonuses and non-monetary benefits such as subsidized vehicle costs. Short-term employment benefits are measured at the exchange value, being the amounts agreed to by each party.
(2) Includes meeting fees and committee chair fees.
(3) Share-based compensation represent the contingent consideration, and the fair value of options, restricted share units, and deferred share units granted and vested to key management personnel and directors of the Company under the Company's share-based compensation plans (Note 18).
(4) As of June 30, 2020, $3.8 million is payable or accrued for key management compensation (June 30, 2019 – $2.6 million).

The following is a summary of the significant transactions with related parties:

	Years ended June 30,	
	2020	2019
	$	$
Operational, administrative and service fees [1]	—	6,696
Marketing fees [2]	—	3,124
Production costs [3]	6,330	500
Services and advisory fees [4]	1,247	160
	7,577	10,480

(1) Operational, administrative and service fees paid or accrued pursuant to a service agreement between CanvasRx and Canadian Cannabis Clinics ("CCC"). Aurora has an option to acquire CCC if CCC breaches the terms of the service agreement.
(2) Marketing fees paid to Colour Creative Persuasion Inc., a company partially owned by a former officer of the Company.
(3) Production costs incurred with (i) Capcium, a company where Aurora holds significant influence; and (ii) Iotron Industries Canada Inc. ("Iotron"), an associate of the Company's joint venture company. Aurora does not have the authority or ability to exert power over either Capcium or Iotron's financial and/or operating decisions (i.e. control).
(4) Finders', service and advisory fees paid to Belot Business Consulting Corp. (a company controlled by the former Chief Global Development Officer), Lola Ventures Inc. (a company controlled by the former CEO), and Superior Safety Codes (a company controlled by the former CEO and President). No fees will be paid to these entities in future periods.

During the year ended June 30, 2020, the Company sold ALPS back to its former founding owner (Note 11(b)).

The following amounts were receivable from (payable to) related parties:

	June 30, 2020	June 30, 2019
	$	$
Loan receivable from joint venture (1)	3,242	—
Production costs with investments in associates (2)(3)	(1,365)	—
	1,877	—

(1) Relates to the purchase of production equipment on behalf of the Company's joint venture, Auralux Enterprises Ltd. The loan bears interest at 5% per annum, payable monthly. The loan is to be repaid in installments on an annual basis in an amount equal to 50% of the associate's EBITDA. The unpaid balance of the loan matures 10 years from the funding date.

(2) Production costs incurred with (i) Capcium Inc., who manufactures softgels for the Company and (ii) Iotron Industries Canada Inc. who provides cannabis processing services to the Company. Aurora has significant influence over Capcium Inc. Note 5(d) and is party to a common joint venture with Iotron Industries Canada Inc. Pursuant to a manufacturing agreement with Capcium Inc., the Company is contractually committed to purchase a minimum number of softgels during calendar 2020 and thereafter. If the Company fails to meet the required purchase minimum, then it is required to pay a penalty fee equal to the difference between the actual purchased quantity and the required purchase minimum multiplied by cost of the softgels. The Company is committed to purchase 42.7 million capsules in calendar 2020, and 20.0 million capsules per calendar year until December 31, 2026. The Company believes that it is more likely than not that the minimum quantity will not be met as of December 31, 2020 and as a result, the Company recognized a $0.9 million provision as of June 30, 2020 (Note 24(b)).
Under a License Agreement with CTT Pharmaceutical Holdings Inc., a company where Aurora holds significant influence, the Company also has a commitment to pay royalties at a rate of 5% of gross sales of all products and licensed services under the agreement.

(3) Amounts are due upon the issuance or receipt of invoices, are unsecured and non-interest bearing.

These transactions are in the normal course of operations and are measured at the exchange value, being the amounts agreed to by the parties.

Note 24 Commitments and Contingencies

(a) Claims and Litigation

From time to time, the Company and/or its subsidiaries may become defendants in legal actions and the Company intends to take appropriate action with respect to any such legal actions, including by defending itself against such legal claims as necessary. Other than the claims described below, as of the date of this report, Aurora is not aware of any other material or significant claims against the Company.

On October 3, 2018, a claim was commenced against the Company regarding the failure to supply product under a recently acquired subsidiary's supply agreement. The plaintiff was seeking specific performance of the supply agreement and damages for breach of contract for approximately $22.0 million (€14.7 million) plus legal costs. In accordance with the terms of the agreement, the Company had terminated the contract due to a breach by the plaintiff. As of June 30, 2020, the Company fully settled this claim for $0.2 million.

In connection with the acquisition of MedReleaf, the Company assumed a contingent liability associated with a formerly terminated MedReleaf employee. The claimant has sought performance under the terms of his employment agreement related to a severance obligation. The Company recognized a provision of $4.2 million as part of the purchase price allocation in the prior year and the amount was fully settled during the year ended June 30, 2020.

The Company and certain of its current and former directors and officers are subject to a purported class action proceeding in the United States District Court for the District of New Jersey on behalf of persons or entities who purchased, or otherwise acquired, publicly traded Aurora securities between October 23, 2018 and January 6, 2020. The complaints allege, inter alia, that we and certain of our current and former officers and directors violated the federal securities laws by making false or misleading statements, including that the defendants materially overstated the demand and potential market for our consumer cannabis products; that our ability to sell products had been materially impaired by extraordinary market oversupply, that our spending growth and capital commitments were slated to exceed our revenue growth; that we had violated German law mandating that companies receive special permission to distribute medical products exposed to regulated irradiation techniques, and that the foregoing, among others, had negatively impacted the Company's business, operations, and prospects and impaired the Company's ability to achieve profitability. A lead plaintiff has been appointed and an amended complaint was filed and served on September 21, 2020. We dispute the allegations in the complaints and intend to vigorously defend against the claims. Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, we are currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matters described above. As such, no provision has been recognized as at June 30, 2020.

The Company and its subsidiary, Aurora Cannabis Enterprises Inc., have been named in a purported class action proceeding in the Province of Alberta in relation to the alleged mislabeling of cannabis products with inaccurate THC/CBD content. The class action involves a number of other parties including Aleafia Health Inc., Hexo Corp, Tilray Canada Ltd., among others, and alleges that upon laboratory testing, certain cannabis products were found to have lower THC potency than the labeled amount, suggesting, among other things, that plastic containers may be leeching cannabinoids. We dispute the allegations and intend to vigorously defend against the claims. Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, we are currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matter described above. As such, no provision has been recognized as at June 30, 2020.

A claim was commenced on June 15, 2020 against Aurora and a former officer alleging a claim of breach of obligations under a term sheet, with the plaintiff seeking $18.0 million in damages. The Company believes the action to be without merit and intends to defend this claim. Due to the

uncertainty of the timing and the amount of estimated future cash outflows relating to this claim, no provision has been recognized as of June 30, 2020.

A claim was commenced on June 17, 2020 against Aurora by a former consultant of MedReleaf regarding stock options that were believed by the plaintiff to be granted prior to MedReleaf's IPO. These options were not on the records of MedReleaf at the time of due diligence or acquisition and, as such, no options were granted on closing of the acquisition. The amount being claimed is not specified. The Company believes the action to be without merit and intends to defend this claim.

On August 10, 2020, a purported class action lawsuit was filed against Aurora and certain executive officers in the Province of Alberta on behalf of persons or entities who purchase, or otherwise acquired, publicly traded Aurora securities and suffered losses as a result of Aurora releasing statements containing misrepresentations during the period of September 11, 2019 and December 21, 2019. We dispute the allegations and intend to vigorously defend against the claims. Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, we are currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matter described above. As such, no provision has been recognized as at June 30, 2020.

We are subject to litigation and similar claims in the ordinary course of business, including claims related to employment, human resources, product liability and commercial disputes. We have received notice of, or are aware of, certain possible claims against us where the magnitude of such claims is negligible or it is not currently possible for us to predict the outcome of such claims, possible claims and lawsuits due to various factors including: the preliminary nature of some claims; an incomplete factual record; and the unpredictable nature of opposing parties and their demands. Management is of the opinion, based upon legal assessments and information presently available, that it is unlikely that any of these claims would result in liability to the Company, to the extent non provided for through insurance or otherwise, would have a material effect on our consolidated financial statements, other than the claims described above.

(b) Commitments

(i) Pursuant to a manufacturing agreement, the Company is contractually committed to purchase a minimum number of softgels during calendar 2020. If the Company fails to meet the required purchase minimum, then it is required to pay a penalty fee equal to the difference between the actual purchased quantity and the required purchase minimum multiplied by cost of the softgels. As of June 30, 2020, the Company believes that it is more likely than not that the minimum quantity will not be met as of December 31, 2020. As a result, the Company has recognized a provision of $0.9 million as of June 30, 2020.

(ii) The Company has various lease commitments related to various office space, production equipment, vehicles, facilities and warehouses expiring between April 2020 and June 2033. The Company has certain leases with optional renewal terms that the Company may exercise at its option. The Company also has an option to purchase lands located in Cremona, Alberta which are currently being leased.

(iii) In connection with the acquisition of MedReleaf, the Company has an obligation to purchase $3.0 million of intangible assets on December 8, 2020 through the issuance of common shares contingent on the seller meeting specified revenue targets.

In addition to lease liability commitments disclosed in Note 28(b), the Company has the following future capital commitments, purchase commitments and license and sponsorship fee payments, which are due in the next five years and thereafter:

	$
Next 12 months	24,132
Over 1 year to 2 years	24,701
Over 2 years to 3 years	25,891
Over 3 years to 4 years	26,950
Over 4 years to 5 years	28,062
Thereafter	42,239
	171,975

Note 25 Revenue

Accounting Policy

The Company generates revenue primarily from the sale of cannabis, cannabis related products and provision of services. The Company uses the following five-step contract-based analysis of transactions to determine if, when and how much revenue can be recognized:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

Revenue from the sale of cannabis is generally recognized when control over the goods has been transferred to the customer. Payment for medical sales is typically due prior to shipment. Payment for wholesale transactions is due within a specified time period as permitted by the underlying agreement and the Company's credit policy upon the transfer of goods to the customer. The Company generally satisfies its performance obligation and transfers control to the customer upon delivery and acceptance by the customer. Revenue is recorded at the estimated amount of consideration to which the Company expects to be entitled.

For bill-and-hold arrangements, revenue is recognized before delivery but only upon transfer of control of the good to the customer. Control is transferred to the customer when the substance of the bill-and-hold arrangement is substantive, the Company cannot sell the goods to another customer, the goods can be identified separately and are ready for physical transfer to the customer.

Service revenues, including patient referral and construction consulting services, are recognized over a period of time as performance obligations are completed. Payment of the transaction price for patient counselling is typically due prior to the services being rendered and therefore, the transaction price is recognized as a contract liability, or deferred revenue, when payment is received. Contract liabilities are subsequently recognized into revenue as or when the Company fulfills its performance obligation. Payment of the transaction price for design, engineering and construction consulting services are typically due upon completion of the performance-related milestone.

Effective October 17, 2018, Canada Revenue Agency ("CRA") began levying an excise tax on the sale of medical and consumer cannabis products. The Company becomes liable for these excise duties when cannabis products are delivered to the customer. The excise taxes payable is the higher of (i) a flat-rate duty which is imposed when a cannabis product is packaged, and (ii) an advalorem duty that is imposed when a cannabis product is delivered to the customer. Effective May 1, 2019, excise tax calculated on edible cannabis products, cannabis extracts and cannabis topicals will prospectively be calculated as a flat rate based on the quantity of total tetrahydrocannabinol (THC) contained in the final product. There were no changes in the legislation in calculating excise taxes for fresh cannabis, dried cannabis, seeds and plants. Where the excise tax has been billed to customers, the Company has reflected the excise tax as part of revenue in accordance with IFRS 15. Net revenue from sale of goods, as presented on the consolidated statements of comprehensive (loss) income, represents revenue from the sale of goods less applicable excise taxes. Given that the excise tax payable/paid to CRA cannot be reclaimed and is not always billed to customers, the Company recognizes that the excise tax is an operating cost that affects gross margin to the extent that it is not recovered from its customers.

For certain sale of goods in which the Company earns a manufacturing fee, the Company records net revenue as an agent on the basis that the Company does not control pricing or bear inventory or credit risk.

The Company generates revenue from the transfer of goods and services over time and at a point-in-time from the revenue streams below. Net revenue from sale of goods is reflected net of actual returns and estimated variable consideration for future returns and price adjustments of $15.3 million for the year ended June 30, 2020 (year ended June 30, 2019 - nil), respectively. The estimated variable consideration is based on historical experience and management's expectation of future returns and price adjustments. As of June 30, 2020, the return liability for the estimated variable revenue consideration was $2.1 million (June 30, 2019 - nil) and is included in deferred revenue on the consolidated statements of financial position.

Year Ended June 30, 2020	Point-in-time	Over-time	Total
	$	$	$
Cannabis			
Revenue from sale of goods	322,112	—	322,112
Revenue from provision of services	—	5,002	5,002
Other			
Revenue from sale of goods	1,089	—	1,089
Excise taxes	(49,297)	—	(49,297)
Net Revenue	273,904	5,002	278,906

Year Ended June 30, 2019	Point-in-time	Over-time	Total
	$	$	$
Cannabis			
Revenue from sale of goods	268,592	—	268,592
Revenue from provision of services	—	7,589	7,589
Other			
Revenue from sale of goods	2,513	—	2,513
Excise taxes	(33,158)	—	(33,158)
Net Revenue	237,947	7,589	245,536

Note 26 Segmented Information

Accounting Policy

Operating segments are components of the Company that engage in business activities which generate revenues and incur expenses (including intercompany revenues and expenses related to transactions conducted with other components of the Company). The operations of an operating segment are distinct and the operating results are regularly reviewed by the chief operating decision maker ("CODM") for the purposes of resource allocation decisions and assessing its performance. Reportable segments are Operating segments whose revenues or profit/loss or total assets exceed ten percent or more of those of the combined entity.

Key measures used by the CODM to assess performance and make resource allocation decisions include revenues, gross profit and net (loss) income. The Company's operating results are divided into two reportable segments plus corporate. The two reportable segments are (i) Cannabis; and (ii) Horizontally Integrated Businesses. The Company primarily operates in the Cannabis segment which includes support services such as patient counselling services and analytical testing services.

Operating Segments	Cannabis [3]	Horizontally Integrated Businesses [2]	Corporate [1]	Total
	$	$	$	$
Year ended June 30, 2020				
Net revenue	277,817	1,089	—	278,906
Gross profit (loss)	(33,601)	62	—	(33,539)
Net loss before taxes and discontinued operations	(3,153,763)	3,988	(234,121)	(3,383,896)
Year ended June 30, 2019				
Net revenue	243,023	2,513	—	245,536
Gross profit (loss)	145,535	(1,556)	(1,539)	142,440
Net loss before taxes and discontinued operations	(190,425)	(7,326)	(132,898)	(330,649)

(1) Net (loss) income under the Corporate allocation includes fair value gains and losses from investments in marketable securities, derivatives and investment in associates. Corporate and administrative expenditures such as regulatory fees, share based compensation and financing expenditures relating to debt issuances are also included under Corporate.
(2) During the year ended June 30, 2020, the Company sold B.C. Northern Lights Enterprises Ltd. ("BCNL") and sold certain assets of Urban Cultivator Inc ("UCI"). The remaining UCI operations were wound down as of June 30, 2020. Both BCNL and UCI represent the indoor cultivator CGU which forms the horizontally integrated businesses segment.
(3) During the year ended June 30, 2020, ALPS ceased being included in the Cannabis segment of the Company following reclassification into discontinued operations (Note 11(b)).

Geographical Segments	Canada [1]	European Union	Other	Total
	$	$	$	$
Non-current assets other than financial instruments and deferred tax assets				
As at June 30, 2020	2,139,765	81,927	95,830	2,317,522
As at June 30, 2019	4,442,849	82,922	226,483	4,752,254
Year ended June 30, 2020				
Net revenue	255,278	21,527	2,101	278,906
Gross profit (loss)	(37,153)	5,572	(1,958)	(33,539)
Year ended June 30, 2019				
Net revenue	230,279	11,789	3,468	245,536
Gross profit	135,570	8,268	(1,398)	142,440

[1] During the year ended June 30, 2020, ALPS ceased being included in the Canadian geographical segment of the Company following reclassification into discontinued operations (Note 11(b)).

Included in net revenue arising from the cannabis operating segment is $34.8 million from Customer A, $33.8 million from Customer B, $32.6 million from Customer C, and $26.9 million from Customer D. Customers A through D each contributed 10 per cent or more to the Company's net revenue for the year ended June 30, 2020 (year ended June 30, 2019 - Customer B $31.9 million, Customer D $29.1 million and Customer A $26.7 million).

Note 27 Fair Value of Financial Instruments

Accounting Policy

Fair Value Hierarchy

Financial instruments recorded at fair value are classified using a hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value. The three levels of hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 - Inputs for the asset or liability that are not based on observable market data.

The individual fair values attributed to the different components of a financing transaction, notably marketable securities, derivative financial instruments, convertible debentures and loans, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and derive estimates. Significant judgment is also used when attributing fair values to each component of a transaction upon initial recognition, measuring fair values for certain instruments on a recurring basis and disclosing the fair values of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of instruments that are not quoted or observable in an active market.

Financial instruments are measured either at fair value or at amortized cost. The table below lists the valuation methods used to determine fair value of each financial instrument.

	Fair Value Method
Financial Instruments Measured at Fair Value	
Marketable securities	Closing market price of common shares as of the measurement date (Level 1)
Derivatives	Closing market price (Level 1) or Black-Scholes, Binomial, Monte-Carlo & FINCAD valuation model (Level 2 or 3)
Contingent consideration payable	Discounted cash flow model (Level 3)
Derivative liability	Kynex valuation model (Level 2)
Financial Instruments Measured at Amortized Cost	
Cash and cash equivalents, restricted cash, accounts receivable, loans receivable	Carrying amount (approximates fair value due to short-term nature)
Accounts payable and accrued liabilities	Carrying amount (approximates fair value due to short-term nature)
Convertible debentures, loans and borrowings	Carrying value discounted at the effective interest rate which approximates fair value

The carrying values of the financial instruments at June 30, 2020 are summarized in the following table:

	Amortized cost	FVTPL	Designated FVTOCI	Total
	$	$	$	$
Financial Assets				
Cash and cash equivalents	162,179	—	—	162,179
Restricted cash	—	—	—	—
Accounts receivable, excluding sales taxes receivable	48,198	—	—	48,198
Marketable securities	—	—	7,066	7,066
Derivatives	—	53,582	—	53,582
Loans receivable	3,643	—	—	3,643
Financial Liabilities				
Accounts payable and accrued liabilities	95,574	—	—	95,574
Convertible debentures (1)	327,038	—	—	327,038
Contingent consideration payable	—	19,604	—	19,604
Loans and borrowings	204,209	—	—	204,209
Derivative liability	—	1,827	—	1,827

(1) The fair value of convertible notes includes both the debt and equity components.

The following is a summary of financial instruments measured at fair value segregated based on the various levels of inputs:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
As of June 30, 2020				
Marketable securities	6,066	—	1,000	7,066
Derivative assets	—	37,480	16,102	53,582
Contingent consideration payable	—	—	19,604	19,604
Derivative liability	—	1,827	—	1,827
As of June 30, 2019				
Marketable securities	142,248	—	1,000	143,248
Derivative assets	—	64,001	22,408	86,409
Contingent consideration payable	—	—	28,137	28,137
Derivative liability	—	177,395	—	177,395

There have been no transfers between fair value categories during period.

The following is a continuity schedule of contingent consideration payable:

	BCNL UCI	CanvasRx	H2	Whistler	Reliva	Immaterial transactions	Total
	$	$	$	$	$	$	$
Balance, June 30, 2018	1,242	5,884	14,207	—	—	—	21,333
Additions	—	—	—	24,395	—	383	24,778
Unrealized loss from changes in fair value	458	261	2,060	376	—	108	3,263
Payments	(1,700)	(4,160)	(15,036)	—	—	(341)	(21,237)
Balance, June 30, 2019	—	1,985	1,231	24,771	—	150	28,137
Additions	—	—	—	—	688	—	688
Unrealized loss from changes in fair value	—	8	(49)	(2,316)	—	—	(2,357)
Payments	—	(1,993)	(1,182)	(3,689)	—	—	(6,864)
Balance, June 30, 2020	—	—	—	18,766	688	150	19,604

The Company's contingent consideration payable is measured at fair value based on unobservable inputs and is considered a Level 3 financial instrument. The determination of the fair value of these liabilities is primarily driven by the Company's expectations of the respective subsidiaries achieving certain milestones. The expected milestones were assigned probabilities and the expected related cash flows were discounted to derive the fair value of the contingent consideration. At June 30, 2020, the weighted average probability of achieving all milestones was estimated to be 32% (June 30, 2019 - 100%) and the discount rates were estimated to be 1.38% (June 30, 2019 - range between 4.86% and 22.76%). If the probabilities of achieving the milestones decreased by 10%, the estimated fair value of the contingent consideration would decrease by approximately $1.9 million (June 30, 2019 - $2.8 million). If the discount rates increased or decreased by 5%, the estimated fair value of contingent consideration

would increase or decrease by approximately $0.2 million (June 30, 2019 - $0.3 million). If the expected timing of the achievement is delayed by six months, the estimated fair value of contingent consideration would decrease by approximately $0.1 million (June 30, 2019 - $0.4 million).

Note 28 Financial Instruments Risk

The Company is exposed to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

(a) Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is moderately exposed to credit risk from its cash and cash equivalents, accounts receivable and loans receivable. The risk exposure is limited to their carrying amounts reflected on the statement of financial position. The risk for cash and cash equivalents is mitigated by holding these instruments with highly rated Canadian financial institutions. As the Company does not invest in asset-backed deposits or investments, it does not expect any credit losses. The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the financial institutions and the investment grade of its GICs. The Company mitigates the credit risk associated with the loans receivable by managing and monitoring the underlying business relationship.

Accounts receivable primarily consist of trade accounts receivable, sales tax receivable and interest receivable. The Company provides credit to certain customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. Credit risk is generally limited for receivables from government bodies, which generally have low default risk, and medical sales direct to patients, where payment is required prior to the delivery of goods. Credit risk for non-government wholesale customers is assessed on a case-by-case basis and a provision is recorded where required. As of June 30, 2020, $2.2 million of accounts receivable are from non-government wholesale customers (June 30, 2019 - $25.1 million). As of June 30, 2020, the Company recognized a $1.7 million provision for expected credit losses (June 30, 2019 - $3.1 million).

The Company's aging of trade receivables was as follows:

	June 30, 2020	June 30, 2019
	$	$
0 – 60 days	34,167	49,452
61+ days	11,032	34,425
	45,199	83,877

(b) Liquidity risk

The composition of the Company's accounts payable and accrued liabilities was as follows:

	June 30, 2020	June 30, 2019
	$	$
Trade payables	19,706	38,671
Accrued liabilities	42,910	79,933
Payroll liabilities	23,752	17,727
Excise tax payable	6,770	10,040
Other payables	2,436	6,513
	95,574	152,884

In addition to the commitments outlined in Note 24, the Company has the following gross contractual obligations as at June 30, 2020, which are expected to be payable in the following respective periods:

	Total	≤1 year	Over 1 year – 3 years	Over 3 years – 5 years	> 5 years
	$	$	$	$	$
Accounts payable and accrued liabilities	95,574	95,574	—	—	—
Convertible notes and interest [1][2]	571,439	25,760	51,521	494,158	—
Lease liabilities [2]	171,868	11,243	32,643	27,468	100,514
Loans and borrowings excluding lease liabilities [2]	123,143	123,125	18	—	—
Contingent consideration payable [3]	101,466	66,426	35,040	—	—
	1,063,490	322,128	119,222	521,626	100,514

(1) Assumes the principal balance of the notes outstanding at June 30, 2020 remains unconverted and includes the estimated interest payable until the February 28, 2024 maturity date.
(2) Includes interest payable until maturity date.
(3) Contingent consideration is payable in Aurora common shares, cash, or a combination of both, at the sole discretion of Aurora.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities when they are due. The Company manages liquidity risk through the management of its capital structure and resources to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. Management monitors its operating requirements and prepares budgets and cash flow forecasts to identify cash flow needs for general corporate and working capital purposes, as well as for expansion initiatives. Our ability to fund our operating requirements depends on future operating performance and cash flows, which are subject to economic, financial, competitive, business and regulatory conditions, and other factors, some of which are beyond our control, such as the potential impact of COVID-19. Our primary short-term liquidity needs are to fund our net operating losses, capital expenditures to maintain existing facilities, debt repayments, and lease payments. Our medium-term liquidity needs primarily relate to debt repayments and lease payments. Our long-term liquidity needs primarily relate to potential strategic plans.

In an effort to manage liquidity prudently while the Company moves toward profitability and positive cash flow, Aurora has taken the following steps:

- In November 2019, the Company announced that it had ceased construction of its Aurora Nordic Sky facility in Denmark and deferred spending on construction and commission costs for its Aurora Sun facility.
- On November 25, 2019, the Company reduced its near term debt obligations when holders of $227.0 million principal amount, or approximately 99%, of the Company's Debentures voluntarily elected to convert their Debentures pursuant to the Early Amended Conversion Privilege (the "Elected Debentures"). Under the terms of the Supplemental Indenture, the Elected Debentures were converted into common shares of the Company (the "Common Shares") at the Amended Early Conversion Price (as defined in the Supplemental Indenture) of $39.40 resulting in the issuance of an aggregate of 5,761,260 Common Shares. The remaining $2.3 million principal amount of these Debentures were repaid in cash on March 6, 2020 (Note 15(ii)).
- In February 2020, the Company announced a restructuring plan to reduce operating expenses and further streamline capital investments.
- In April 2020, the Company accepted an offer to sell its Exeter property for net proceeds of $8.6 million. The Company also entered into a contract to sell its Jamaica property for gross proceeds of US$3.5 million (Note 11(a)).
- In April 2020, the Company sold 5,302,227 common shares of EnWave Corporation at $0.80 per share for net proceeds of $4.1 million.
- During the year ended June 30, 2020, the Company raised net proceeds of US$426.8 million (CAD$573.4 million) under its ATM program Note 17(b). As at June 30, 2020, the Company has US$214.5 million of remaining available room under the ATM and US$60.0 million remaining available room under the Shelf Prospectus for future financings or issuances of securities.
- During the year ended June 30, 2020 the Company sold 9,200,000 common shares of Alcanna at $3.00 per share for gross proceeds of $27.6 million (Note 5(c));
- In June 2020, the Company announced further restructuring initiatives including a 25% reduction in Aurora's SG&A staff and a 30% reduction in Aurora operational staff over the next several quarters. The Company also announced the consolidation of certain production facilities including Aurora Prairie, Aurora Mountain, Aurora Ridge, Aurora Vie and Aurora Eau (Note 3).
- In order to ensure compliance with its debt covenants at June 30, 2020 and prospectively, effective September 9, 2020, the Company entered into the Second Amendment to the First Amended and Restated Credit Agreement with its Canadian banking syndicate (Note 16(a)).

These initiatives are expected to provide the Company with increased liquidity and flexibility to meet its financial commitments, including its near- term cash obligations of $279.8 million (inclusive of BMO credit facilities which mature August 2021). As of June 30, 2020, the Company has access to the following capital resources available to fund operations and obligations:

- $162.2 million cash and cash equivalents of which the Company must maintain a minimum unrestricted cash balance of $35.0 million at any time (Note 16(a));
- $264.4 million Credit Facility with BMO, of which $1.4 million letters of credit and no principal is outstanding under Facility A, $113.8 million of principal is outstanding under Facility B, and $3.7 million of principal is outstanding under Facility C (Note 16(a));
- Subsequent to June 30, 2020 and as at September 22, 2020, the Company raised US$36.7 million gross proceeds under its ATM program, with US$177.8 million of remaining available room under the ATM and US$60.0 million remaining available room under the Shelf Prospectus for future financings or issuances of securities.

We intend to use the net proceeds from any offerings under the ATM program and/or Shelf Prospectus to support our short-term liquidity needs, debt repayments, general corporate purposes, working capital requirements and potential acquisitions. Volatility in the cannabis industry, stock market and Company's share price may impact the amount and our ability to raise financing under the ATM Program and Shelf Prospectus. As of June 30, 2020, if the Company were to issue the maximum number of shares under both the ATM program and Shelf Prospectus, this would result in the Company issuing an additional 17,267,636 and 8,051,530 common shares, respectively, based on the June 30, 2020 stock price of US$12.42.

From time-to-time, management may also consider the sale of its marketable securities and shares held in publicly traded investments in associates to help support near term cash and liquidity needs.

Based on all of the aforementioned factors, the Company believes that its reduction of operating costs, current liquidity position, and access to the ATM and Shelf Prospectus are adequate to fund operating activities and cash commitments for investing and financing activities for the foreseeable future.

(c) Market risk

Market risk is the risk that changes in the market related factors, such as foreign exchange rates and interest rates, will affect the Company's (loss) income or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(i) Currency risk

The operating results and financial position of the Company are reported in Canadian dollars. As the Company operates internationally, certain of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are, therefore, subject to currency transaction and translation risks.

The Company's main risk is associated with fluctuations in Euros, Danish Krone, Australian and U.S. dollars. The Company holds cash in Canadian dollars, U.S. dollars, Danish Krone and Euros; investments denominated in Australian and U.S. dollars and C$460.6 million of Senior Notes which are denominated in U.S. dollars. Assets and liabilities are translated based on the Company's foreign currency translation policy.

The Company has determined that as at June 30, 2020, the effect of a 10% increase or decrease in Euros, Danish Krone, Australian dollars and U.S. dollars against the Canadian dollar on financial assets and liabilities would result in an increase or decrease of approximately $41.8 million (June 30, 2019 – $48.9 million) to net loss and $2.6 million (June 30, 2019 – $20.5 million) to comprehensive loss for the year ended June 30, 2020.

At June 30, 2020, the Company has not entered into any hedging agreements to mitigate currency risks, with respect to foreign exchange rates.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's financial liabilities consist primarily of long-term fixed rate debt or variable rate debt. Fluctuations in interest rates could impact the Company's cash flows, primarily with respect to the interest payable on the Company's variable rate debt, which consists of certain borrowings with a total principal value of $117.5 million (June 30, 2019 – $146.2 million). If the variable interest rate changed by 10 basis points, net and comprehensive loss would have increased or decreased by approximately $0.5 million (June 30, 2019 – $0.2 million).

(iii) Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's marketable securities and investments are susceptible to price risk arising from uncertainties about their future outlook, future values and the impact of market conditions. The fair value of marketable securities and derivatives held in publicly traded entities are based on quoted market prices which the shares of the investments can be exchanged for. The fair value of marketable securities and derivatives held in privately-held entities are based on various valuation techniques, as detailed in Note 27, and is dependent on the type and terms of the security.

If the fair value of these financial assets were to increase or decrease by 10% as of June 30, 2020, the Company would incur an associated increase or decrease in net and comprehensive loss of approximately $6.1 million (June 30, 2019 – $23.0 million). See Note 6 for additional details regarding the fair value of marketable securities and derivatives.

Note 29 Capital Management

As at June 30, 2020, the capital structure of the Company consists of $2.7 billion (June 30, 2019 - $5.0 billion) in shareholders' equity and debt.

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funding to support ongoing operations and future growth such that the Company can continue to deliver returns to shareholders and benefits for other stakeholders.

From time to time, the Company may adjust its capital structure in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. In addition, the Company plans to use existing funds, as well as funds from the future sale of products to fund operations and expansion activities.

As disclosed in Note 16, the Company has various loan facilities in place. Certain loans are subject to financial covenants, which are generally in the form of leverage and liquidity ratios. As at June 30, 2020, the Company was not in compliance with all covenants under the Credit Facility and subsequently executed the Second Amendment to the First Amended and Restated Credit Agreement (Note 16(a)) to remedy the June 30, 2020 covenant breach and to ensure prospective compliance with covenants. The Company does not have any other externally imposed capital requirements.

Note 30 Subsequent Events

Equity Financing

Subsequent to June 30, 2020 and as at September 22, 2020, the Company issued 5,278,286 common shares under the ATM program for US$36.7 million gross proceeds.

Amendment to High Tide

On July 23, 2020, the Company amended its $10.0 million unsecured convertible debentures with High Tide to (i) extend the maturity date from December 12, 2020 to January 1, 2025, (ii) decrease the conversion price from $0.75 to $0.425 per common share, (iii) convert the debt to a secured debenture against certain High Tide's assets and properties, and (iv) increase the principal outstanding balance to $10.8 million. The Company also entered into a debt restructuring agreement where by High Tide would pay a 0.5% royalty payment beginning November 1, 2021, with an automatic increase of an additional 0.5% each subsequent year.

Sale of Aurora Hemp Europe

On July 31, 2020, the Company sold its Lithuanian subsidiary, Aurora Hemp Europe, to the subsidiary's President and former owner. Aurora Hemp Europe provided hemp seed contracting and processing. The sale was a result of hemp-based consumer packaged goods no longer aligning with the Company's strategy to focus on core cannabis operations.

Mutual Termination of the UFC Partnership

On September 8, 2020, the Company and UFC terminated its partnership for a one-time payment of US$30.0 million.



AURORA CANNABIS INC.

Management Discussion & Analysis

For the years ended June 30, 2020 and 2019
(in Canadian Dollars)

Management Discussion & Analysis

Table of Contents

Business Overview	3
Statement of Comprehensive Loss	6
Key Quarterly Financial and Operating Results	7
Financial Highlights	7
Key Developments During the Three Month Period Ended June 30, 2020	8
Key Developments Subsequent to June 30, 2020	9
Financial Review	10
Liquidity and Capital Resources	18
Related Party Transactions	23
Critical Accounting Estimates	24
Change in Accounting Policies	26
New or Amended Standards Effective July 1, 2019	27
Recent Accounting Pronouncements	29
Financial Instruments	29
Financial Instruments Risk	30
Summary of Outstanding Share Data	32
Historical Quarterly Results	33
Risk Factors	34
Internal Controls Over Financial Reporting	44
Cautionary Statement Regarding Forward-Looking Statements	45
Cautionary Statement Regarding Certain Non-GAAP Performance Measures	46

Management's Discussion and Analysis of Financial Condition and Results of Operations for the Year Ended June 30, 2020

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Aurora Cannabis Inc. ("Aurora" or the "Company") should be read in conjunction with the Company's audited consolidated financial statements for the year ended June 30, 2020 and the accompanying notes thereto (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A has been prepared as of September 24, 2020 pursuant to the disclosure requirements under National Instrument 51-102 - Continuous Disclosure Obligations ("NI 51-102") of the Canadian Securities Administrators ("CSA"). Under the United States ("U.S.")/Canadian Multijurisdictional Disclosure System, we are permitted to prepare the MD&A in accordance with Canadian disclosure requirements which may differ from U.S. disclosure requirements.

Given the Company's recent business transformation initiatives to realign its operational footprint and increase financial flexibility, this MD&A provides additional disclosures comparing the fourth quarter ended June 30, 2020 ("Q4 2020") to the third quarter ended March 31, 2020 ("Q3 2020"). Management believes that these sequential comparatives provide relevant and current information. The Company has also reclassified certain items, which are not material, on the consolidated statement of comprehensive loss to conform with the current period's presentation and improve comparability.

Effective April 1, 2020, the Company elected to change its accounting policy for inventory costing of by-products. Additionally, the Company has elected to change its accounting policy with respect to the allocation of production management staff salaries, previously charged to general and administration, they are now charged to cost of sales. Management has applied the change in accounting policy retrospectively. The consolidated financial statements for the year ended June 30, 2019 and previously reported metrics in this MD&A have been restated to reflect adjustments made as a result of these changes in accounting policy. Refer to "*Change in Accounting Policies*" section of this MD&A.

On May 11, 2020, the Company completed a one-for-twelve (1:12) reverse share split of all of its issued and outstanding common shares ("Share Consolidation"), resulting in a reduction in the issued and outstanding shares from 1,321,072,394 to 110,089,377. Shares reserved under the Company's equity and incentive plans were adjusted to reflect the Share Consolidation. All share and per share data presented in the Company's consolidated financial statements and this MD&A have been retroactively adjusted to reflect the Share Consolidation unless otherwise noted.

All dollar amounts are expressed in thousands of Canadian dollars, except for share and per share amounts, and where otherwise indicated.

This MD&A contains forward-looking information within the meaning of Canadian securities laws, and the use of non-GAAP measures. Refer to "*Cautionary Statement Regarding Forward-Looking Statements*" and "*Cautionary Statement Regarding Certain Non-GAAP Performance Measures*" included within this MD&A.

This MD&A and the Company's annual audited consolidated financial statements, annual information form ("AIF"), press releases and other disclosure documents required to be filed by applicable securities laws have been filed in Canada on SEDAR at www.sedar.com and in the U.S. on EDGAR at www.sec.gov/edgar. Additional information can also be found on the Company's website at www.auroramj.com.

Business Overview

Aurora was incorporated under the *Business Corporations Act* (*British Columbia)* on December 21, 2006 as Milk Capital Corp. Effective October 2, 2014, the Company changed its name to Aurora Cannabis Inc. The Company's shares are listed on the New York Stock Exchange ("NYSE") and the Toronto Stock Exchange ("TSX") under the trading symbol "ACB", and on the Frankfurt Stock Exchange ("FSE") under the trading symbol "21P".

The Company's head office and principal address is 4818 31 Street East, Edmonton International Airport, Alberta, Canada, T9E 0V6. The Company's registered and records office address is Suite 1500 – 1055 West Georgia Street, Vancouver, BC, Canada, V6E 4N7.

Aurora is a Canadian-headquartered cannabis company focused on producing, innovating, and selling consistent, high quality cannabis and cannabis products for both the global medical and consumer use markets. The Company has differentiated itself through:

- Purpose-built growing facilities, which we believe are the most technologically advanced indoor agricultural growing facilities in the world. These facilities consistently produce high-quality cannabis at scale, lower the risk of crop failure, and provide low per-unit production costs.
- Research and innovation in plant genetics, cultivation, consumer insights, and product development.
- A broad and growing portfolio of successful brands that align to the needs of consumers and patients in segments from discount to ultra premium.
- Global leadership in consumer and medical markets that have significant and near-term profit potential.
- A transformed cost structure that provides a path to near-term, sustainable, and growing positive earnings before interest, taxes, depreciation and amortization ("EBITDA") and cash flow.

The Company's principal strategic business lines are focused on the production, distribution, and sale of cannabis and cannabis-derivative products in Canada and internationally. The Company's primary market opportunities are:

- **Global medical cannabis market:** Production, distribution and sale of pharmaceutical-grade cannabis products in countries around the world where permitted by government legislation. Currently, there are approximately 50 countries that have implemented regimes for some form of access to cannabis for medical purposes. The Company's current principal medical markets are Canada and Germany. Aurora has established a market position in both countries;

- **Global consumer use cannabis market:** Currently, only Canada and Uruguay have implemented federally-regulated consumer use of cannabis regimes and the Company has primarily focused on the opportunities in Canada. Aurora has established a top-three market

position in the Canadian consumer market overall. Longer-term, the Company believes that the increasing success of medical cannabis regimes globally may lead to increased legalization of adult-use consumer markets; and

- **Global hemp-derived cannabidiol ("CBD") market:** The Company expects consumer demand for products containing CBD derived from hemp plants to be an exciting growth opportunity in the coming years. The Company believes that the most important near-term market opportunity for hemp-derived CBD is in the U.S. On May 28, 2020, the Company acquired Reliva, LLC ("Reliva"), a U.S. company based in Massachusetts, which specializes in the distribution and sale of hemp-derived CBD products and has established a leading brand in the U.S. market.

Business Transformation Plan Update

On February 6, 2020, the Company announced a business transformation plan to align the business with current market demands in Canada while maintaining a sustainable platform for long-term growth. The business transformation spans two sequential phases: (i) cost structure reset to current demand in advance of the appointment of a new Chief Executive Officer ("CEO"); and (ii) commercial reset to deliver sustainable and profitable revenue growth.

Phase 1: Cost Structure Reset to Current Demand in Advance of a New CEO (February 2020 to August 2020)

The objective of the cost structure reset was to reset the Company's costs and production footprint to optimize the short-term path to positive EBITDA while also ensuring the Company is well positioned to leverage the reset costs and infrastructure to drive sustainable, longer-term growth. The cost structure reset included a significant reduction in selling, general & administrative ("SG&A") expenses, refocused capital investment plans, and a facility rationalization initiative to accelerate the path to profitability.

Management committed to delivering an SG&A run rate, including research and development ("R&D"), of $40 million to $45 million per quarter exiting the fiscal fourth quarter of 2020 by focusing the business on its core areas: 1) Canadian consumer market; 2) Canadian medical market; 3) established international medical markets; and 4) U.S. market initiatives. Management also stated its intention to reduce cash capital expenditures for the second half of fiscal 2020 to below $100 million in total through a detailed evaluation of all capital projects underway through a lens of optimizing near-term investor returns.

Following the initial set of cost reductions announced in February 2020 and consistent with the business transformation plan, on June 23, 2020, the Company announced a further 25% reduction in Aurora's SG&A staff, most with immediate effect, and an approximate 30% reduction in production staff over the following two quarters. The Company also initiated a plan to wind down and close operations at five Canadian facilities including Aurora Prairie, Aurora Mountain, Aurora Ridge, Aurora Vie, and Aurora Eau. By the end of fiscal Q2 2021, the Company intends to consolidate Canadian production and manufacturing at Aurora Sky, Aurora River (EU-GMP certified), Whistler Pemberton, and Polaris. The Aurora Sun production facility has been scaled back to six grow bays and will allow for the scale up of production on an as-needed basis as dictated by market demand. Global revenues will also be supported by the Company's Nordic facility in Denmark, which received its license in September 2020 to service the European market with EU-GMP certified product. Subsequent to June 30, 2020, the Company also initiated a consolidation of operations in Europe with corporate office closures in Portugal, Spain and Italy. Despite these office closures, the Company will continue to service these markets, as well as our tender contract with the Italian government, through our main European operations.

Phase 2: Commercial Reset to Deliver Sustainable and Profitable Revenue Growth (August 2020 Forward)

With SG&A and capital asset cost reductions targets met, as well as the ongoing plan for facility rationalization now managed, the second phase of the business transformation is focused on building a commercial platform that will generate sustainable, profitable revenue growth. Led by Aurora's newly appointed CEO, Miguel Martin, this initiative has commenced and includes a focus on leveraging Aurora's premium brands across all major consumer categories, enhancement of a consumer-led innovation system, and a focus on consumer categories and sub-categories that have the potential to both deliver meaningful profit and are a space where Aurora has the strengths and capabilities to win. Aurora's medical markets in Canada and Europe, as well as the U.S. CBD market, continue to deliver healthy margins, with sustainable growth in Europe and the U.S.

Business Transformation Progress Report

SG&A Update

The Company reported $60.1 million of SG&A during Q4 2020 as compared to $73.3 million in Q3 2020 expense and $7.6 million of R&D expense during Q4 2020 as compared to $5.6 million in Q3 2020. SG&A expense in Q4 2020 and Q3 2020 included $3.1 million and $6.0 million, respectively, relating to divested businesses and severance and benefit costs associated with our business transformation plan.

As of the date of this report, the Company's Q1 2021 SG&A and R&D combined is expected to be between $40 million and $45 million. This significant reduction from the $106.7 million reported for SG&A and R&D combined in Q2 2020 (prior to the start of the business transformation project) results from a focus on the core businesses and elimination of projects and businesses that do not contribute meaningfully to that focus. Reductions include: elimination of a number of projects that required significant external professional fees, renegotiation of several key marketing and research contracts, elimination of headcount across the SG&A functions, and the divestiture (as described below) of several non-core subsidiaries.

Management reiterates its intention to continue to manage the business at a quarterly run rate of $40 to $45 million SG&A, including R&D, to leverage the current cost structure as Phase 2 of the business transformation focuses on profitable revenue growth. Ultimately, Aurora believes that it can support significantly higher levels of net revenue in the future without a corresponding level of growth in SG&A.

Capital Expenditures Update

Management committed to reducing capital spending to below $100 million in the second half of fiscal 2020. All capital spending was reviewed with the parameters of generating near term returns, a focus on our core businesses, and the preservation of financial resources.

Aurora reported approximately $16.4 million in capital expenditures in Q4 2020, for a total of $90.1 million in the second half of fiscal 2020. This includes additions to intangible assets and excludes the impact of capitalized borrowing costs and share based compensation.

For 2021, management has approved capital spending plans currently expected to total less than $40 million for the full fiscal year.

Revenue

Throughout the business transformation, the Company has continued to show strong results in the medical markets in Canada and Europe. In the Canadian consumer market, the Company launched successfully into major categories such as discount flower and certain key edible markets, but saw some market share erosion during Q4 in certain categories of flower, vape, and pre-rolls. Under Aurora's new CEO, the team expects to be focused on executing a tactical plan intended to 1) grow Aurora's market share in key profitable Canadian consumer categories, 2) protect and enhance Aurora's market share in Canadian medical, 3) grow the international medical business, and 4) build Reliva's brands in the U.S. CBD market.

EBITDA

Aurora reported Adjusted EBITDA loss of $34.6 million in Q4 2020. Included in Adjusted EBITDA loss is $3.1 million costs relating to divested businesses and severance and benefit costs associated with our business transformation plan, and $0.8 million R&D termination costs. Excluding these impacts, Adjusted EBITDA loss would have been $30.7 million. With continued reduction in SG&A of a further $20 million or more expected for Q1 2021, the Company expects improvement in Adjust EBITDA in Q1 2021 resulting from the business transformation plan. Aurora's goal to now reach positive EBITDA in Q2 2021 will depend on achieving healthy high-margin revenues in the Canadian consumer market and the continued containment of SG&A costs.

Cash Utilization

At March 31, 2020, the Company reported $230.2 million of unrestricted cash. During Q4 2020, the Company predominantly utilized that cash in the following categories:

- Cash used in operations was $63.9 million;
- Cash expenditures on capital assets of approximately $32.8 million, which includes invoices paid related to work done in Q3; and
- Payment of debt and lease obligations of approximately $53.3 million.

During Q4 2020, the Company raised cash from:

- Net proceeds under the At-the-Market ("ATM") program of $48.3 million; and
- Net proceeds of $33.7 million through the sale of its investments in Alcanna Inc., EnWave Corporation, and certain items of property, plant and equipment.

Accordingly, as at June 30, 2020, the Company had $162.2 million of unrestricted cash on hand.

As at September 22, 2020, the Company has approximately $110.6 million principal outstanding under its BMO credit facility and US$177.8 million available to raise through the ATM program.

Moving into phase 2 of the business transformation described above, the Company expects the EBITDA loss to decline in Q1 2021 and capital expenditures to remain below $20 million. Even with the uncertainty from the COVID-19 pandemic, due to cost reductions, overall demand on cash to fund normal business operations is expected to be significantly lower in Q1 2021 than in Q4 2020. Refer to *"Liquidity and Capital Resources"* section below for further discussion.

Coronavirus ("COVID-19") Update

For the year ended June 30, 2020, the COVID-19 pandemic did not materially disrupt the Company's business, financial condition, or results of operations. As at the date of the report, the production and sale of medical and consumer cannabis have been recognized as essential services across Canada and Europe. All of the Company's facilities in Canada and internationally continue to be operational and we continue to work closely with local, national and international government authorities to ensure that we are following the required protocols and guidelines related to COVID-19 within each region. Although there have not been any significant impacts to the Company's operations to date, the Company cannot provide assurance that there will not be disruptions to its operations in the future. Refer to the *"Risk Factors"* section below for further discussion on the potential impacts of COVID-19.

Impact of Inventory Accounting Policy Change

To reflect the evolution of the cannabis market, including an increasingly significant portion of revenues coming from derivative products, effective April 1, 2020, the Company changed its accounting policy for inventory costing of its by-products. The Company also changed its accounting policy with respect to the allocation of production management staff salaries, previously charged to general and administration, and now charged to inventory and cost of sales. Management has applied the change in accounting policy retrospectively. Previously reported metrics in this MD&A have been restated to reflect adjustments made as a result of these changes in accounting policy. Refer to *"Change in Accounting Policies"* section in this MD&A.

As a result of the accounting policy change, for Q3 2020 we recognized an $8.9 million increase in cost of sales, a $1.2 million decrease in changes in fair value of inventory sold, and a $5.0 million decrease in G&A expenses. The impact of these changes to the Q3 2020 key metrics are as follows:

- Cash cost to produce cannabis per gram of dried cannabis sold was restated to $1.22, compared to $0.85 as previously reported;
- Gross margin and gross margin before fair value were restated, respectively, to 26% and 30%, compared to 36% and 42% as previously reported;
- Adjusted gross margin before FV adjustments on consumer and medical cannabis net revenue were restated, respectively, to 29% and 60%, compared to 43% and 66% as previously reported, adjusted to remove $6.4 million depreciation from cost of sales; and
- Adjusted EBITDA loss was restated to $50.4 million, compared to $47.7 million EBITDA loss as previously reported, adjusted for $1.3 million acquisition costs and the exclusion of $1.9 million EBITDA loss from discontinued operations.

Statement of Comprehensive (Loss) Income

	Three months ended		Year ended		
($ thousands)	**June 30, 2020**	**March 31, 2020 (1)(2)**	**June 30, 2020**	**June 30, 2019 (1)(2)**	**June 30, 2018 (2)**
Net revenue (3)	$72,114	$75,520	$278,906	$245,536	$50,978
Gross (loss) profit before fair value ("FV") adjustments	($79,855)	$23,008	$1,672	$121,758	$32,317
Gross (loss) profit	($111,129)	$19,768	($33,539)	$142,440	$40,243
Operating expenses	$90,668	$104,067	$457,423	$460,718	$137,765
Loss from operations	($201,797)	($84,299)	($490,962)	($318,278)	($97,522)
Other (expense) income	($1,725,811)	($63,602)	($2,892,934)	($12,371)	$173,098
Net (loss) income from continuing operations	($1,860,027)	($136,132)	($3,300,493)	($300,740)	$67,477
Net (loss) income from discontinued operations, net of taxes	($2,954)	($3,882)	($9,844)	$144	$1,750
Net (loss) income	($1,862,981)	($140,014)	($3,310,337)	($300,596)	$69,227
Adjusted EBITDA(4)(5)	($34,606)	($50,427)	($190,672)	($138,010)	($40,246)

(1) Amounts have been retroactively restated for the change in accounting policy for inventory costing relating to by-products and the allocation of production management staff salaries. Refer to the "*Change in Accounting Policies*" section below for further detail.
(2) As a result of the Company's divestment of its wholly owned subsidiary, Aurora Larssen Projects Inc. ("ALPS"), the operations of ALPS have been presented as discontinued operations and the Company's operational results have been retroactively restated, as required. Please see Note 11(b) of the Financial Statements for more information about the divestiture.
(3) Net revenue represents our total gross revenue exclusive of excise taxes levied by the Canada Revenue Agency ("CRA") on the sale of medical and consumer cannabis products effective October 17, 2018.
(4) This term is defined in the " *Cautionary Statement Regarding Certain Performance Measures*" section of this MD&A. Refer to the " *Adjusted EBITDA*" section for reconciliation to the IFRS equivalent.
(5) Included in the three months ended June 30, 2020, are $3.1 million SG&A costs relating to divested businesses and severance and benefit costs associated with our business transformation plan, and $0.8 million R&D termination costs. Excluding these expenses, Adjusted EBITDA loss would have been $30.7 million.

Key Quarterly Financial and Operating Results

($ thousands, except Operational Results)	Q4 2020	Q3 2020 (1)	$ Change	% Change
Financial Results				
Total net revenue (2)	$72,114	$75,520	($3,406)	(5)%
Cannabis net revenue (2)(3a)	$67,492	$69,637	($2,145)	(3)%
Medical cannabis net revenue (3a)	$32,226	$31,086	$1,140	4 %
Consumer cannabis net revenue (3a)	$35,266	$38,551	($3,285)	(9)%
Adjusted gross margin before FV adjustments on cannabis net revenue (3b)	50%	43%	N/A	7 %
Adjusted gross margin before FV adjustments on medical cannabis net revenue (3b)	67%	60%	N/A	7 %
Adjusted gross margin before FV adjustments on consumer cannabis net revenue (3b)	35%	29%	N/A	6 %
SG&A expense (4)	$60,088	$73,289	($13,201)	(18)%
R&D expense	$7,646	$5,601	$2,045	37 %
Adjusted EBITDA (7)	($34,606)	($50,427)	$15,821	31 %
Balance Sheet				
Working capital	$147,933	$429,293	($281,360)	(66)%
Cannabis inventory and biological assets (5)	$139,198	$225,966	($86,768)	(38)%
Total assets	$2,783,695	$4,699,137	($1,915,442)	(41)%
Operational Results – Cannabis				
Cash cost to produce per gram of dried cannabis sold (3c)	$0.89	$1.22	($0.33)	(27)%
Average net selling price of dried cannabis (3)	$3.60	$4.64	($1.04)	(22)%
Kilograms produced	44,406	36,207	8,199	23 %
Kilograms sold (6)	16,748	12,729	4,019	32 %

(1) Certain previously reported amounts have been restated to exclude the results related to discontinued operations and change in accounting policy for inventory costing relating to by-products and the allocation of production management staff salaries. For further detail, refer to Note 11(b) of the Financial Statements and " *Change in Accounting Policies*" section below, respectively.
(2) Includes the impact of actual and expected product returns and price adjustments (three and twelve months ended June 30, 2020 - $ 1.9 million and $ 15.3 million; three and twelve months ended June 30, 2019 - nil and nil).
(3) These terms are defined in the " *Cautionary Statement Regarding Certain Non-GAAP Performance Measures*" section of this MD&A. Refer to the following sections for reconciliation of the non-GAAP measures to the IFRS equivalent measure
  a. Refer to the " *Revenue*" section for a reconciliation to the IFRS equivalent.
  b. Refer to the " *Gross Margin*" section for reconciliation to the IFRS equivalent.
  c. Refer to the " *Cash Cost of Sales of Dried Cannabis and Cash Cost to Produce Dried Cannabis Sold – Aurora Produced Cannabis* " section for reconciliation to the IFRS equivalent.
(4) Includes costs from divested businesses and severance and benefit costs associated with our business transformation plan of $ 2.1 million and $ 1.0 million, respectively (Q3 2020 - $ 1.0 million and $ 5.0 million, respectively).
(5) Represents total biological assets and cannabis inventory, exclusive of merchandise, accessories, supplies and consumables.
(6) The kilograms sold is offset by the grams returned.
(7) Included in Q4 2020, are $3.1 million SG&A costs relating to divested businesses and severance and benefit costs associated with our business transformation plan, and $0.8 million R&D termination costs. Excluding these expenses, Adjusted EBITDA loss would have been $30.7 million.

Financial Highlights

Revenue

During Q4 2020, net revenue decreased by $3.4 million, or 5%, as compared to Q3 2020. The decrease was primarily driven by a $3.3 million, or 9%, decrease in consumer cannabis net revenue as compared to the prior quarter. Although total kilograms of dried consumer cannabis sold increased, this was offset by a decrease in the average net selling price per gram of consumer dried cannabis due to the launch of Daily Special, the Company's value brand into the dried cannabis segment. Medical cannabis net revenue delivered strong growth of 4% with sales mix shifting towards the European market.

Gross Margins and Cultivation Costs

Gross margin before fair value adjustments on cannabis net revenue was (96)% in Q4 2020 as compared to 32% in Q3 2020. Included in cannabis cost of sales for Q4 2020 is an inventory impairment charge of $91.0 million (Q3 2020 - nil) and depreciation charges of $7.8 million (Q3 2020 - $7.6 million). The inventory impairment charges arose due to a decrease in selling price and excess inventory identified based on current and projected market demands.

Adjusted gross margin before fair value adjustments on cannabis net revenue, which excludes the impacts of inventory impairment and depreciation, was 50% in Q4 2020 as compared to 43% in Q3 2020. The increase in gross margin is attributable to a shift in sales mix towards the high-margin medical business, and a 27% decrease in the Company's cash cost to produce per gram of dried cannabis sold, partially offset by a 26% decrease in the overall average net selling price per gram, primarily attributable to consumer dried cannabis driven by Daily Special.

Cash cost to produce per gram of dried cannabis sold decreased to $0.89 per gram and gram equivalent, down by $0.33 from Q3 2020. In Q4 2020, the Company produced 44,406 kilograms of cannabis, a 23% increase from Q3 2020 which resulted in higher overhead absorption, and greater weighted average yields per plant and capacity utilization, which contributed to the decrease in cash cost quarter over quarter.

As at June 30, 2020, Aurora wrote down the value of all slow moving and excess inventory, mainly trim, to its net realizable value. The Company recognized a total inventory impairment charge of $135.1 million of which $105.5 million is recognized through cost of sales and $29.6 million is recognized through changes in fair value of inventory sold. This inventory review and reset addresses the evolution of consumer demands in the Canadian cannabis industry and aligns the Company's current inventory levels for required volumes and products through fiscal 2021. With the June 30, 2020 inventory levels and planned production through fiscal 2021, Aurora is positioned to support revenue expansion in a breadth of flower, vape, pre-roll, and derivative categories in Canada and globally.

Selling, General and Administration Expenditures

During Q4 2020, SG&A was $60.1 million as compared to $73.3 million in Q3 2020, a decrease of $13.2 million or 18%. The decrease was primarily attributable to a full quarter's impact of management's ongoing business transformation plan announced on February 6, 2020 to rationalize all spending and focus on activities that generate near-term positive impact to earnings. Included in SG&A for Q4 2020 and Q3 2020 is $3.1 million and $6.0 million relating to divested businesses and severance and benefit costs associated with our business transformation plan (refer to "*Key Developments Subsequent to June 30, 2020*").

Net Loss

During Q4 2020, net loss was $1.9 billion, as compared to $140.0 million in Q3 2020. The Q4 2020 net loss was primarily due to (i) $1.6 billion impairment charges to intangible assets and goodwill; (ii) a $86.5 million impairment charge to property, plant and equipment, (iii) $105.5 million inventory impairment charges recognized through cost of sales, and (iv) $29.6 million is recognized through changes in fair value of inventory sold.

The impairment charges to intangible assets and goodwill are allocated to the Company's cannabis operating segment. Impairment charges during the period were primarily attributable to change in overall industry and market conditions and a realignment of strategic plans to meet market demand. Refer to Note 14 of the Financial Statements for a description of the key assumptions used in the goodwill impairment test. The impairment charges to intangible assets and property, plant and equipment were the result of restructuring activities.

Adjusted EBITDA

The Company defines Adjusted EBITDA as net loss excluding interest income (expense), accretion, income taxes, depreciation, amortization, changes in fair value of inventory sold, changes in fair value of biological assets, share-based compensation, acquisition costs, foreign exchange, changes in fair value of financial instruments, gains and losses on deemed disposal of investments, and non-cash impairment of intangibles, goodwill, inventory and property plant and equipment and other assets.

The Adjusted EBITDA loss for Q4 2020 was $34.6 million as compared to a $50.4 million loss in Q3 2020. The $15.8 million decrease in our Adjusted EBITDA loss was primarily attributable to the quarter-over-quarter $11.2 million decrease in SG&A and R&D, including a $4.0 million decrease in severance and benefit costs relating to business transformation costs from Q3 2020, a $6.2 million decrease in cost of sales, adjusted for the impact of inventory impairment and depreciation allocated to cost of sales, offset by a $3.4 million decrease in net revenue. Excluding the impact of $3.1 million costs relating to divested businesses and severance and benefit costs associated with our business transformation plan, and $0.8 million R&D termination costs, Adjusted EBITDA loss for Q4 2020 would have been $30.7 million.

Key Developments During the Three Month Period Ended June 30, 2020

Restructuring Activities

On June 23, 2020, as part of Phase 1 of the business transformation plan, the Company announced a second tranche of restructuring activities intended to consolidate certain production activities and strategically realign operations to rationalize operating costs. These changes include an approximate 25% reduction in Aurora's SG&A staff and an approximate 30% reduction in production staff over the next two quarters to focus production and manufacturing at the Company's larger scale facilities, which are expected to reap greater economies of scale and cost efficiencies. The affected facilities that will be wound down and closed over the next two quarters are Aurora's smaller scale facilities, including Aurora Prairie, Aurora Mountain, Aurora Ridge, Aurora Vie, and Aurora Eau. Furthermore, Canadian production and manufacturing activities will be consolidated at Aurora Sky, Aurora River, Whistler Pemberton and Polaris.

Retirement of Co-Founder and Directors

On June 16, 2020, the Company announced the retirement of Co-Founder Steve Dobler, its President and a Director of the Company, effective June 30, 2020. Mr. Dobler had been the President of Aurora and a member of Aurora's Board of Directors since December 2014.

On June 29, 2020, the Company announced the retirement of Terry Booth from his role as a Director of the Company, effective June 26, 2020.

Acquisitions

On May 28, 2020, the Company acquired Reliva, a U.S. company based in Massachusetts, which specializes in the sale of CBD products. Through its partnerships with wholesalers and retailers, Reliva's products are available for sale through retail locations as well as via e-commerce. The Company acquired Reliva to gain entry into the U.S. CBD market. The Company acquired Reliva for total consideration of $53.1 million, comprised of 2,480,810 common shares with a fair value of $52.4 million and $0.7 million held in escrow which is subject to working capital adjustments.

Sale of Assets

a) Sale of EnWave Corporation ("EnWave") Marketable Securities

In April 2020, the Company sold all of its 5,302,227 common shares held in EnWave for net proceeds of $4.1 million and recognized a realized loss of $5.9 million. EnWave is a publicly-traded, Vancouver-based company, and is traded on the TSX Venture Exchange (the "TSXV"). Aurora no longer holds any shares of EnWave.

b) Sale of Alcanna Inc. common shares

In June 2020, the Company disposed of its investment in Alcanna, representing 9,200,000 common shares or a 24.8% ownership interest. The Company received gross proceeds of $27.6 million at an average price of $3.00 per share and recognized a $12.0 million accounting gain on disposal. Aurora no longer holds any remaining common shares in Alcanna.

Financing Activities

On April 16, 2020, we filed an ATM supplement which provides for an additional US$250.0 million in common shares to be sold by the executing sales agents at market prices, increasing the total financing available under the ATM to US$650.0 million. Refer to the "*Liquidity and Capital Resources*" section for further details.

Share Consolidation and NYSE Continued Listing Standard Notification

On April 8, 2020, the Company received notification from the NYSE that, as a result of its common share price falling below an average of U.S.$1.00 for a consecutive 30 trading-day period, it was not in compliance with one of the NYSE's continued listing standards. Non-compliance with the NYSE's price listing standard does not affect the Company's business operations or its reporting requirements to any regulatory authorities, nor does it breach or cause an event of default under any of the Company's agreements with its lenders. In addition, non-compliance with the NYSE price listing standard does not affect the continued listing and trading of the Common Shares on the TSX.

On May 11, 2020, the Company completed the Share Consolidation, resulting in a reduction in the issued and outstanding shares from 1,321,072,394 to approximately 110,089,377. Although the Company's Board of Directors considered many factors when approving the Share Consolidation, the Share Consolidation was partially implemented to ensure continued compliance with NYSE listing standards. The share consolidation has restored compliance with NYSE listing requirements and continues to provide access to a broad range of investors, access to equity capital, and trading liquidity.

Disposition of ALPS

On May 11, 2020, the Company sold ALPS for a nominal amount. The Company will retain a preferential pricing services agreement with ALPS should ongoing maintenance or engineering services be required in the future. The Company initially acquired Larssen Ltd. in December 2017 as the Company executed an expansion strategy including the construction of a number of highly-advanced cannabis production facilities. By bringing Larssen's world-leading expertise in-house, this acquisition allowed the Company to save considerable project-related expenses over the intervening two and a half years of global expansion. With the Company's major production facilities either completed or well planned, the Company recognized the opportunity to reduce ongoing SG&A through the divestiture of ALPS.

Key Developments Subsequent to June 30, 2020

Appointment of the New CEO

On July 6, 2020, the Company appointed Miguel Martin, President and CEO of Reliva, as Chief Commercial Officer of the Company, replacing Darren Karasiuk. Miguel was subsequently appointed CEO on September 8, 2020, replacing Michael Singer who held that position on an interim basis from February 6, 2020. Miguel has deep, diverse experience in consumer-packaged goods, highly regulated industries and the U.S. cannabinoid industry and is well-positioned to execute the next phase of Aurora's business transformation, with a focus on commercial strategy. Michael Singer stepped down as interim CEO and remains Executive Chairman.

Amendment to Convertible Debentures in High Tide Inc. ("High Tide")

On July 23, 2020, the Company amended its $10.0 million unsecured convertible debentures with High Tide to (i) extend the maturity date from December 12, 2020 to January 1, 2025, (ii) decrease the conversion price from $0.75 to $0.425 per common share, (iii) convert the debt to a secured debenture against certain High Tide's assets and properties, and (iv) increase the principal outstanding balance to $10.8 million. The Company also entered into a debt restructuring agreement whereby High Tide would pay a 0.5% royalty payment beginning November 1, 2021, with an automatic increase of an additional 0.5% each subsequent year.

Disposition of European Hemp Business

On July 31, 2020, the Company sold its Lithuanian subsidiary, Aurora Hemp Europe to the former owner of Aurora Hemp Europe. Aurora Hemp Europe provided hemp seed contracting and processing. Aurora Hemp Europe was divested given that the business operations no longer align with the Company's strategy to focus on core cannabis operations. This divestiture is expected to reduce SG&A expenses as part of our business transformation plan.

Mutual Termination of the Ultimate Fighting Championship ("UFC") Partnership

On September 8, 2020, the Company and UFC mutually terminated its partnership for a one-time payment of US$30.0 million. Net of the US$30.0 million one-time payment, the termination of this agreement will conserve greater than $150 million in sponsorship, licensing fee, clinical trial, and marketing expenditures over the next 6 years.

Resignation of a Director

On September 22, 2020, Dr. Jason Dyck elected to step down from the Board of Directors in order to pursue other opportunities.

Financial Review

Net Revenue

The Company primarily operates in the cannabis market. Effective October 17, 2018, the *Cannabis Act* took effect in Canada and Aurora began selling cannabis to the consumer market across Canada. The Company also derives revenue from ancillary support functions, which include patient counseling services. The table below outlines the reconciliation of the Company's total net revenue to its cannabis net revenue metric for the three and twelve months ended June 30, 2020 and their comparative periods.

	Three months ended		Year ended	
($ thousands)	June 30, 2020	March 31, 2020	June 30, 2020	June 30, 2019
Medical cannabis net revenue				
Canada dried cannabis	15,571	14,894	60,150	58,101
Canada cannabis extracts	12,063	12,155	45,615	34,447
International dried cannabis	4,555	4,020	14,886	14,141
International cannabis extracts (1)	37	17	497	—
Total medical cannabis net revenue	**32,226**	**31,086**	**121,148**	**106,689**
Consumer cannabis net revenue				
Dried cannabis	30,190	32,996	118,853	88,603
Cannabis extracts (1)	6,929	8,473	23,228	7,993
Net revenue provisions	(1,853)	(2,918)	(15,336)	—
Total consumer cannabis net revenue	**35,266**	**38,551**	**126,745**	**96,596**
Wholesale bulk cannabis net revenue				
Dried cannabis	—	—	9,784	22,181
Cannabis extracts (1)	—	—	2,904	—
Total wholesale bulk cannabis net revenue	**—**	**—**	**12,688**	**22,181**
Total cannabis net revenue	**67,492**	**69,637**	**260,581**	**225,466**
Ancillary net revenue (2)	**4,622**	**5,883**	**18,325**	**20,070**
Total net revenue	**72,114**	**75,520**	**278,906**	**245,536**

(1) Cannabis extracts revenue includes cannabis oils, capsules, softgels, sprays, topical, edibles, vaporizer revenue and U.S. CBD product sales.

(2) As a result of the Company's divestment of its wholly owned subsidiary, ALPS, the operations of ALPS have been presented as discontinued operations and the Company's operational results have been retroactively restated, as required. Please see Note 11(b) of the Financial Statements for more information about the divestiture. ALPS generated no net revenue for both the three months ended June 30, 2020 and March 31, 2020, and $nil, $2.4 million and $4.2 million for the years ended June 30, 2020, 2019 and 2018, respectively.

During the three months ended June 30, 2020, cannabis net revenue decreased by $2.1 million, or 3%, as compared to the prior quarter. The decrease was primarily due to a decrease in consumer cannabis net revenue of $3.3 million or 9% during the period offset by continued growth in our medical cannabis net revenue of $1.1 million or 4% during the period. Consumer cannabis net revenue for the three months ended June 30, 2020 is presented after recognizing the impact of a negligible amount of actual returns and price adjustments and a $1.9 million provision for future returns and price adjustments (three months ended March 31, 2020 - $0.9 million and $2.0 million, respectively). The $1.9 million provision is based on historical experience and management's estimate of future returns and price adjustments. Before considering the total $1.9 million impact of the product returns, price adjustments and the revenue provision, total cannabis net revenue for the three months ended June 30, 2020 (three months ended March 31, 2020 - $2.9 million) would have decreased by $3.2 million or 4% as compared to the three months ended March 31, 2020.

During the year ended June 30, 2020, cannabis net revenue increased by $35.1 million, as compared to the prior year. The increase is primarily driven by (i) a $30.1 million increase in consumer cannabis net revenue due to the recognition of a full year of consumer cannabis sales in the current year as compared to the prior year when legalization under the *Cannabis Act* came into effect on October 17, 2018; and (ii) a $14.5 million increase in medical cannabis net revenue primarily driven by an increase in extract sales. This was offset by a decrease in wholesale bulk cannabis net revenue of $9.5 million. Included in total cannabis net revenue for the year ended June 30, 2020 is $5.4 million (year ended June 30, 2019 - $3.1 million) attributed to the acquisition of Whistler which occurred in March 1, 2019.

Medical Cannabis Net Revenue

During the three months ended June 30, 2020, the Company's medical cannabis net revenues increased $1.1 million, or 4%, as compared to the prior quarter. The increase was primarily attributable to:

- Canadian dried cannabis sales increased by $0.7 million over the prior period. The slight increase of 62 kilograms sold was offset by a 0.5% decline in the average net selling price of medical cannabis; and
- International dried cannabis sales increased by $0.5 million or 70 kilograms over the prior quarter.

During the year ended June 30, 2020, medical cannabis net revenue increased by $14.5 million, or 14%, as compared to the prior year. The increase was primarily driven by a $11.2 million, or 32%, increase in Canadian cannabis extract sales which was driven by an increase of 1,564 kilograms sold and offset by a 11.2% decrease in the average net selling price of cannabis extracts. The average net selling price per gram of medical cannabis decreased by 6.1% to $8.05 per gram, due to price compression seen in the Canadian medical cannabis sales as the Company began to offer larger pack sizes in their medical channel. Included within the cannabis extract sales is $3.7 million of Cannabis 2.0 revenue, from edibles and vape products, which were not present in the prior fiscal year. The sale of Cannabis 2.0 products was legalized in Canada effective October 17, 2019, however the products were not available for sale until December 17, 2019. Canadian dried cannabis sales increased by $2.0 million, or 4%, driven by an increase of 344 kilograms sold and offset by a slight price decline of 1% as compared to the prior year. International dried cannabis sales remained relatively consistent, experiencing an increase of $0.7 million as compared to the prior year. Included in total medical cannabis net revenue for the year ended June 30, 2020 is $3.0 million (year ended June 30, 2019 - $1.3 million) attributed to the acquisition of Whistler which occurred in March 1, 2019.

Consumer Cannabis Net Revenue

During the three months ended June 30, 2020, the Company's consumer cannabis net revenue decreased by $3.3 million, or 9%, as compared to the same period in the prior quarter. The decrease is primarily attributed to:

- a $2.8 million decrease in dried cannabis net revenue which was primarily driven by a 30% decrease in the average net selling price per gram of consumer dried cannabis which was offset by an increase of 2,962 kilograms sold as compared to the prior quarter. Daily Special, the Company's value brand, was a significant driver in the increased volume and decreased average net selling price per gram of consumer cannabis, with dried cannabis Daily Special net revenues accounting for 62% of total dried cannabis net revenues for the three months ended June 30, 2020 as compared to 35% in the three months ended March 31, 2020. During the three months ended June 30, 2020, a 28 gram Daily Special pack size was launched, which also contributed to the greater percentage mix, as initial orders were filled.
- a $1.5 million decrease in cannabis extracts net revenue, which includes the sale of Cannabis 2.0 products, driven primarily by a decrease in sale of vapes and sublingual products; and
- a $1.1 million reduction in actual net returns, price adjustments and provisions as compared to Q3 2020.

During the three months ended June 30, 2020, consumer cannabis net revenue is presented net of a negligible amount of actual returns and price adjustments and a $1.9 million net revenue provision for future returns and price adjustments. Before the impact of returns, price adjustments and the recognition of the revenue provision, consumer cannabis net revenue would have decreased by $4.4 million, or 10%, as compared to the same period in the prior quarter. Management continues to work closely with provincial government bodies to monitor inventory levels and related sell-through rates to manage the level of future product returns.

During the year ended June 30, 2020, consumer cannabis net revenue increased by $30.1 million, or 31%, compared to the prior year. The increase was primarily due to (i) the recognition of a full year of consumer cannabis sales over the comparative period as legalization under the Cannabis Act came into effect on October 17, 2018; and (ii) the sale of Cannabis 2.0 products was legalized in Canada in October 2019 which accounted for $13.9 million in consumer cannabis net revenue during the year ended June 30, 2020 (June 30, 2019 - nil). This was offset by the $15.3 million in product returns and pricing adjustments during the year ended June 30, 2020 (June 30, 2019 - nil). Before the impact of returns, price adjustments and the recognition of the revenue provision, consumer cannabis net revenue would have increased by $45.5 million, or 47%, as compared to the same period in the prior year. Included in total consumer cannabis net revenue for the year ended June 30, 2020, $2.3 million (year ended June 30, 2019 - $2.0 million) is attributed to the acquisition of Whistler which occurred in March 1, 2019.

Wholesale Bulk Cannabis Net Revenue

During the three months ended June 30, 2020, the Company generated a nominal amount of wholesale bulk cannabis net revenue which is consistent with the previous quarter.

During the year ended June 30, 2020, the Company's wholesale bulk cannabis net revenue decreased by $9.5 million as compared to the prior year. The Company generates revenue from wholesale bulk cannabis from time-to-time when opportunities exist and pricing and terms are appropriate.

Cost of Sales and Gross Margin

	Three months ended		Year ended	
($ thousands)	June 30, 2020	March 31, 2020 [1]	June 30, 2020	June 30, 2019 [1][3]
Net revenue	72,114	75,520	278,906	245,536
Cost of sales	(151,969)	(52,512)	(277,234)	(123,778)
Gross profit before FV adjustments [2]	**(79,855)**	**23,008**	**1,672**	**121,758**
Changes in fair value of inventory sold	(43,153)	(14,144)	(91,825)	(71,821)
Unrealized gain on changes in fair value of biological assets	11,879	10,904	56,614	92,503
Gross profit	(111,129)	**19,768**	(33,539)	**142,440**
Gross margin	**(154)%**	**26%**	**(12)%**	**58%**

(1) Amounts have been retroactively restated for the change in accounting policy for inventory costing relating to by-products and the allocation of production management staff salaries. Refer to the "*Change in Accounting Policies*" section below for further detail.
(2) Gross profit before fair value adjustments is a non-GAAP measure. Refer to *"Cautionary Statement Regarding Certain Non-GAAP Performance Measures"* section of this MD&A for the defined term.
(3) As a result of the Company's divestment of its wholly owned subsidiary ALPS, the operations of ALPS have been presented as discontinued operations and the Company's operational results have been retroactively restated, as required. Please see Note 11(b) of the Financial Statements for more information about the divestiture. ALPS generated $nil gross profit for both the three months ended June 30, 2020 and March 31, 2020, and $nil, $2.4 million gross profit for the years ended June 30, 2020 and 2019, respectively.

During the three and twelve months ended June 30, 2020, gross profit decreased by $130.9 million and $176.0 million as compared to the same respective prior periods. These decreases were primarily driven by a $135.1 million inventory impairment charge, of which $105.5 million is allocated to cost of sales and $29.6 million is allocated to changes in fair value of inventory sold for both the three and twelve months ended June 30, 2020. The inventory impairment charges were due to a decrease in selling price and excess inventory identified based on current and projected market demands. Excluding these impairment charges, gross profit would have increased by $4.2 million and decreased by $40.9 million for the three and twelve months ended June 30, 2020, respectively.

The table below outlines adjusted gross profit and margin before fair value adjustments for the three month periods ended.

($ thousands)	Medical Cannabis	Consumer Cannabis	Auxiliary Support Functions	Total
Three months ended June 30, 2020				
Gross Revenue	35,494	48,299	4,622	88,415
Excise taxes	(3,268)	(13,033)	—	(16,301)
Net revenue	32,226	35,266	4,622	72,114
Cost of sales	(32,118)	(100,266)	(19,585)	(151,969)
Gross profit (loss) before FV adjustments [1]	**108**	**(65,000)**	**(14,963)**	**(79,855)**
Depreciation	3,073	4,703	—	7,776
Inventory impairment in cost of sales	18,260	72,749	14,479	105,488
Adjusted gross profit (loss) before FV adjustments [1]	**21,441**	**12,452**	**(484)**	**33,409**
Adjusted gross margin before FV adjustments [1]	**67%**	**35%**	**(10)%**	**46%**
Three months ended March 31, 2020 [2][3]				
Gross Revenue	34,339	49,387	5,883	89,609
Excise taxes	(3,253)	(10,836)	—	(14,089)
Net revenue	31,086	38,551	5,883	75,520
Cost of sales	(15,422)	(32,115)	(4,975)	(52,512)
Gross profit before FV adjustments [1]	**15,664**	**6,436**	**908**	**23,008**
Depreciation	2,887	4,703	—	7,590
Adjusted gross profit before FV adjustments [1]	**18,551**	**11,139**	**908**	**30,598**
Adjusted gross margin before FV adjustments [1]	**60%**	**29%**	**15 %**	**41%**

(1) Adjusted gross profit and gross margin before fair value adjustments are both non-GAAP measures. Refer to *"Cautionary Statement Regarding Certain Non-GAAP Performance Measures"* section of this MD&A for the defined terms.
(2) Amounts have been retroactively restated for the change in accounting policy for inventory costing relating to by-products and the allocation of production management staff salaries. Refer to the "*Change in Accounting Policies*" section below for further detail.
(3) As a result of the Company's divestment of its wholly owned subsidiary ALPS, the operations of ALPS have been presented as discontinued operations and the Company's operational results have been retroactively restated, as required. Please see Note 11(b) of the Financial Statements for more information about the divestiture.

Medical Cannabis Gross Margin

Adjusted gross margin before fair value adjustments on medical cannabis net revenue for the three months ended June 30, 2020 increased to 67%, as compared to 60% for the same period in the prior quarter. The change from prior quarter was due to a 27% decrease in the cash cost to produce per gram of dried cannabis sold as compared to the prior quarter offset by a 1% decrease in the average net selling price per gram of medical cannabis.

The Company does not pass the cost of excise taxes onto medical patients. Of the $16.3 million excise taxes incurred during the three months ended June 30, 2020, $3.3 million relates to excise taxes levied on cannabis products that we sold to medical patients in Canada. As such, these excise taxes on medical cannabis revenues directly impacted our bottom line and decreased our medical gross margin by 3% and 3% for the three months ended June 30, 2020 and March 31, 2020, respectively.

Consumer Cannabis Gross Margin

Adjusted gross margin before fair value adjustments on consumer cannabis net revenue for the three months ended June 30, 2020 was 35% as compared to 29% for the same period in the prior quarter. The increase is primarily attributable to:

(i) a decrease of our cash cost of sales per gram of dried cannabis sold due to lower packaging costs as the Company increased sales of multi-gram dried cannabis product;
(ii) a decrease of $1.1 million in actual net returns, price adjustments and net revenue provisions for the period to $1.9 million, and offset by;
(iii) an increase of 3,859 kilograms of consumer cannabis sold as a result of a continued shift in our sales mix towards our Daily Special value brand which is sold at a more competitive price point for the value market segment. As a result of these factors, our average net selling price per gram of consumer cannabis decreased from $4.33 per gram in Q3 2020 to $2.76 per gram in Q4 2020.

The table below outlines adjusted gross profit and margin before fair value adjustments for the years ended.

($ thousands)	Medical Cannabis	Consumer Cannabis	Wholesale Bulk	Auxiliary Support Functions	Total
Year ended June 30, 2020					
Gross Revenue	134,086	163,104	12,688	18,325	328,203
Excise taxes	(12,938)	(36,359)	—	—	(49,297)
Net revenue	121,148	126,745	12,688	18,325	278,906
Cost of sales	(73,670)	(166,621)	(5,431)	(31,512)	(277,234)
Gross profit (loss) before FV adjustments (1)	**47,478**	**(39,876)**	**7,257**	**(13,187)**	**1,672**
Depreciation	10,986	15,041	1,174	—	27,201
Inventory impairment in cost of sales	18,260	72,749	—	14,479	105,488
Adjusted gross profit before FV adjustments (1)	**76,724**	**47,914**	**8,431**	**1,292**	**134,361**
Adjusted gross margin before FV adjustments (1)	**63%**	**38%**	**66%**	**7%**	**48%**
Year ended June 30, 2019 (2)(3)					
Gross Revenue	115,890	120,553	22,181	20,070	278,694
Excise taxes	(9,201)	(23,957)	—	—	(33,158)
Net revenue	106,689	96,596	22,181	20,070	245,536
Cost of sales	(49,499)	(54,668)	(7,426)	(12,185)	(123,778)
Gross profit before FV adjustments (1)	**57,190**	**41,928**	**14,755**	**7,885**	**121,758**
Depreciation	5,556	6,584	1,211	—	13,351
Adjusted gross profit before FV adjustments (1)	**62,746**	**48,512**	**15,966**	**7,885**	**135,109**
Adjusted gross margin before FV adjustments (1)	**59%**	**50%**	**72%**	**39%**	**55%**

(1) Adjusted gross profit and gross margin before fair value adjustments are both non-GAAP measures. Refer to *"Cautionary Statement Regarding Certain Non-GAAP Performance Measures"* section of this MD&A for the defined terms.
(2) Amounts have been retroactively restated for the change in accounting policy for inventory costing relating to by-products and the allocation of production management staff salaries. Refer to the "*Change in Accounting Policies*" section below for further detail.
(3) As a result of the Company's divestment of its wholly owned subsidiary ALPS, the operations of ALPS have been presented as discontinued operations and the Company's operational results have been retroactively restated, as required. Please see Note 11(b) of the Financial Statements for more information about the divestiture.

Medical Cannabis Gross Margin

Adjusted gross margin before fair value adjustments on medical cannabis net revenue for the year ended June 30, 2020 was 63% compared to 59% for the prior year. The increase is primarily attributable to:

(i) a 14% increase in medical cannabis net revenue driven primarily through an increase of 2,608 kilograms of medical cannabis sold as compared to the prior year;
(ii) a reduction in our production costs through the increase of production capacity and realization of economies of sale at our production facilities; offset by

(iii) a 6% decrease in the average net selling price per gram of medical cannabis.

Consumer Cannabis Gross Margin

Adjusted gross margin before fair value adjustments on consumer cannabis net revenue for the year ended June 30, 2020 was 38% as compared to 50% in the prior year. The decrease is primarily attributable to:

(i) a decline in the average net selling price per gram of consumer cannabis from $5.36 for the year ended June 30, 2019 to $3.94 the year ended June 30, 2020 as a result of a continued shift in our sales mix towards our Daily Special value brand which is sold at a more competitive price point for the value market segment;
(ii) $15.3 million in net returns and price adjustments reducing net revenue, including a $1.9 million net provision for future returns and price adjustments; offset by
(iii) a reduction in our production costs through the increase of production capacity and realization of economies of scale at our production facilities; and
(iv) a $30.1 million increase in consumer cannabis net revenue, as a result of a 78% increase in kilograms of consumer cannabis sold, 32,157 kilograms sold for the current year compared to 18,023 kilograms sold in the prior year.

Wholesale Bulk Cannabis Gross Margin

Adjusted gross margin before fair value adjustments on wholesale bulk cannabis net revenue decreased to 66% for the year ended June 30, 2020 as compared to 72% for the prior year. The decrease was primarily attributable to a $0.60 decrease in the average net selling price per gram of wholesale bulk cannabis to $3.00 per gram for the year ended June 30, 2020 resulting from the sales of cannabis trim during the period. Cannabis trim generally contains lower quantities of cannabinoids and are thus sold at a lower average net selling price per gram.

Cash Cost of Sales of Dried Cannabis and Cash Cost to Produce Dried Cannabis Sold – Aurora Produced Cannabis

	Three months ended		Year ended	
($ thousands)	**June 30, 2020**	**March 31, 2020 (1)**	**June 30, 2020**	**June 30, 2019 (1)**
Total consolidated cost of sales	151,969	52,512	277,234	123,778
Adjustments:				
Non-cannabis segment and non-cannabis cost of sales (2)	(19,585)	(5,759)	(33,246)	(17,570)
Cannabis inventory impairment (6)	(91,009)	—	(91,009)	—
Cash cost of sales for cannabis extracts	(10,647)	(13,471)	(41,236)	(15,716)
Cost of cannabis purchased from other licensed producers	(97)	(434)	(1,180)	(5,075)
Depreciation	(7,776)	(7,590)	(27,201)	(13,351)
Cost of accessories (3)	—	—	(402)	(907)
Cash cost of sales of dried cannabis sold (4)	22,855	25,258	82,960	71,159
Packaging costs	(7,717)	(9,064)	(28,616)	(15,751)
Cash cost to produce dried cannabis sold (4)	15,138	16,194	54,344	55,408
Kilogram equivalents of cannabis sold produced by Aurora (5)	16,960	13,239	52,112	33,361
Cash cost of sales per gram of dried cannabis sold (4)	**$1.35**	**$1.91**	**$1.59**	**$2.13**
Cash cost to produce per gram of dried cannabis sold (4)	**$0.89**	**$1.22**	**$1.04**	**$1.66**

(1) Amounts have been retroactively restated for the change in accounting policy for inventory costing relating to by-products and the allocation of production management staff salaries. Refer to the "*Change in Accounting Policies*" section below for further detail.
(2) Non-cannabis segment cost of sales consists of cost of sales from the production and sale of indoor cultivation systems. Non-cannabis cost of sales consists of cost of sales from patient counseling services, hemp products, design, engineering and construction services, and analytical product testing. These were removed from consolidated cost of sales to determine cash costs solely related to the sales of dried cannabis produced by Aurora
(3) Cost of accessories includes cost of sales from vaporizers, grinders, and capsule fillers.
(4) Cash cost of sales per gram of dried cannabis sold and cash cost to produce per gram of dried cannabis sold are non-GAAP financial measures and are not recognized, defined, or subject to standardized measurement under IFRS. These respective metrics represent the blended and consolidated cash costs for dried cannabis produced by Aurora operations and sold under our Aurora, CanniMed, MedReleaf, ICC and Whistler operations during the year ended June 30, 2020. However, due to the acquisitions completed and growth achieved in fiscal 2019, the metrics for the fiscal 2019, reflect the blended and consolidated cash costs of dried cannabis produced and sold by our Aurora, CanniMed, MedReleaf, ICC and Whistler operations. Refer to *"Cautionary Statement Regarding Certain Non-GAAP Performance Measures"* section of this MD&A for the defined terms.
(5) Kilograms of dried cannabis sold includes dried kilograms sold by our Aurora, CanniMed, MedReleaf, ICC and Whistler operations, but excludes kilograms returned and dried kilograms sold purchased from other Licensed Producers.
(6) $105.5 million of inventory impairment charges were recognized through cost of sales of which $91.0 million relates to cannabis and $14.5 million relates to auxiliary support functions.

During the three months ended June 30, 2020, the Company changed its accounting policy for inventory costing related to by-products and the allocation of production management staff salaries. Management applied the adjustments for the policy change retrospectively (refer to "*Change in Accounting Policies"* section of this MD&A). As a result of this policy change, cost of sales increased by $8.9 million, of which $2.3 million is attributed to cash cost of sales for cannabis extracts, $1.1 million is attributed to depreciation, and $0.5 million is attributed to packaging costs. Accordingly, Q3 2020 cash cost of sales and cash cost to produce per gram of dried cannabis sold were restated from the previously reported $1.50 and $0.85, respectively.

Cash cost of sales per gram of dried cannabis sold decreased by $0.56, or 29%, during the three months ended June 30, 2020 as compared to the prior quarter. The decrease from the prior quarter was primarily attributable to lower packaging costs as the Company increased sales of multi-gram dried cannabis products, including the Company's newly launched Daily Special value brand. Included in the three months ended March 31, 2020 cost of sales is $2.1 million of under absorbed costs resulting from the change in accounting policy. Excluding the impact of the $2.1 million under absorption, cash cost of sales per gram of dried cannabis sold in the three months ended March 31, 2020 would have been $1.75.

Cash cost to produce per gram of dried cannabis sold decreased by $0.33, or 27%, during the three months ended June 30, 2020 as compared to the prior quarter. Excluding the impact of the $2.1 million under absorption described above, cash cost to produce per gram of dried cannabis sold in the three months ended March 31, 2020 would have been $1.06. The decrease quarter over quarter was primarily attributable to the higher overhead absorption as a result of a 23% increase in production, from 36,207 kilograms to 44,406 kilograms for the three months ended March 31 and June 30, 2020, respectively.

Cash cost of sales per gram of dried cannabis sold for the year ended June 30, 2020 decreased by $0.54 as compared to the prior year. In the prior year, we incurred higher inventory management, infrastructure and distribution costs to meet demand with the legalization of the consumer cannabis sales in Canada which came into effect on October 17, 2018. In addition, we also incurred increased packaging costs in the prior year resulting from new excise tax stamping, packaging and regulatory requirements mandated under the *Cannabis Act*.

Cash cost to produce per gram of dried cannabis sold for the year ended June 30, 2020 decreased by $0.62 as compared to the prior year. The decrease was primarily attributable to the integration of Aurora's yield expertise at acquired production facilities and the realization of economies of scale with the ramp up of Aurora Sky, which were partially offset by higher labor and logistics costs incurred in preparation for the legalization of the consumer market. The Company produced 152,740 kilograms and 57,442 kilograms for the years ended June 30, 2020 and 2019, respectively.

Grams of Dried Cannabis and Grams Equivalent of Extracts Produced

Grams of dried cannabis produced refers to the grams of dried cannabis harvested from plants during the period. The Company calculates grams produced based on the final recorded weight of dried harvested buds that have completed the drying stage net of any weight loss during the drying process for the period.

Grams equivalent of cannabis extracts produced represents the equivalent number of dried grams used to produce the cannabis extract product. Dried cannabis is first extracted into a bulk concentrate, which is then diluted into cannabis oil, or further processed into a cannabis capsule product. The "grams equivalent" measure is used to disclose the volume in grams, of extracts sold and/or produced in the period as opposed to milliliters, or number of capsules, as the case may be. The actual grams used in the production of cannabis oils and cannabis capsules can vary depending on the strain of dried cannabis used, which can yield different potencies and strengths. The Company estimates and converts its cannabis extract inventory to equivalent grams based on the Tetrahydrocannabinol ("THC") and CBD content in the cannabis extract product. On average, for the three months ended June 30, 2020, March 31, 2020, and June 30, 2019, one bottle of cannabis oil was equivalent to 8.6, 8.4 and 8.8 gram equivalents of dried cannabis, respectively. On average, for the three months ended June 30, 2020, March 31, 2020, and June 30, 2019, one bottle of cannabis capsules was equivalent to 3.4, 3.2 and 4.7 gram equivalents of dried cannabis, respectively.

Operating Expenses

	Three months ended		Year ended	
($ thousands)	June 30, 2020	March 31, 2020	June 30, 2020	June 30, 2019
General and administration (1)	43,299	49,937	205,276	159,069
Sales and marketing	16,789	23,352	91,271	99,272
Acquisition costs	2,170	1,300	6,493	17,217
Research and development	7,646	5,601	26,070	14,778
Depreciation and amortization	14,789	14,673	68,414	63,343
Share-based compensation	5,975	9,204	59,899	107,039
Total operating expenses	90,668	104,067	457,423	460,718

(1) Amounts have been retroactively restated for the change in accounting policy for the allocation of production management staff salaries. Refer to the "*Change in Accounting Policies*" section below for further detail.

(2) As a result of the Company's divestment of its wholly owned subsidiary, ALPS, the operations of ALPS have been presented as discontinued operations and the Company's operational results have been retroactively restated, as required. Please see Note 11(b) of the Financial Statements for more information about the divestiture. ALPS incurred a nominal and $1.9 million of SG&A for the three months ended June 30, 2020 and March 31, 2020, respectively, and $6.0 million and $1.9 million for the years ended June 30, 2020 and 2019, respectively.

General and administration ("G&A")

During the three months ended June 30, 2020, G&A decreased by $6.6 million, or 13%, as compared to the prior quarter due to a full quarter impact of the business transformation plan announced on February 6, 2020, including an overall reduction in payroll expenses due to a reduction in headcount, information technology ("IT"), travel, legal and professional fees. On June 23, 2020, consistent with the business transformation plan, the Company announced further reductions to Aurora's SG&A and production staff as well as the closure and consolidation of several Canadian production facilities (please see the "*Business Overview*" section of this MD&A). Included in G&A for the three months ended June 30 and March 31, 2020, is $2.1 million and $0.6 million, respectively, relating to Aurora Hemp Europe which the Company divested of on July 31, 2020 (refer to Note 30 of the Financial Statements for more information about the divestiture), as well as $1.0 million and $5.0 million, respectively, in severance and related benefit costs associated with our business transformation plan.

During the year ended June 30, 2020, G&A expenses increased by $46.2 million, or 29%, as compared to the same period in the prior year. The increase was primarily attributable to higher salaries, wages and benefit costs associated with a larger headcount base relative to 2019. Other increases include higher professional and consulting fees related to general corporate matters, and corporate and office charges related to the expansion of domestic and international operations and business functions. Included in G&A for the year ended June 30, 2020 is $3.4 million attributed to the acquisition of Whistler which occurred in March 1, 2019.

Sales and marketing ("S&M")

During the three months ended June 30, 2020, S&M decreased by $6.6 million, or 28%, as compared to the prior quarter. The decrease was primarily attributable to the reduction in headcount, promotional activities and travel expenses following the business transformation plan announced on February 6, 2020.

During the year ended June 30, 2020, S&M decreased by $8.0 million, as compared to the same period in the prior year. The decrease was primarily attributable to a reduction in headcount, promotional activities and travel expenses. In both comparative periods, the Company incurred a similar level of marketing and campaign expenses related to the legalization of consumer cannabis use in October 2018 and the legalization of Cannabis 2.0 products in October 2019. The decrease described above was offset by a full year of sponsorship fees from our partnership with the UFC which was only effective May 2019 in the comparative period. Included in S&M for the year ended June 30, 2020 is $0.6 million attributed to the acquisition of Whistler which occurred in March 1, 2019.

R&D

During the three months ended June 30, 2020, R&D increased by $2.0 million, or 37%, as compared to the prior quarter. The increase was primarily attributable to (i) a one-time termination fee of $0.8 million for R&D services; and (ii) a $0.6 million increase pertaining to the UFC sponsorship fee.Subsequent to June 30, 2020, the Company terminated its partnership with the UFC (refer to "*Key Developments Subsequent to June 30, 2020*").

During the year ended June 30, 2020, R&D expenses increased by $11.3 million, as compared to the same period in the prior year. The increase was primarily attributable to (i) a full year of our sponsorship fee from our partnership with the UFC which was only effective May 2019 in the comparative period, and (ii) product development costs relating to vaporizers, edibles and encapsulated cannabis oils; clinical studies focused on the management of pain, epilepsy, post-traumatic stress disorder, anxiety, opioid sparing, cancer, and neurodegeneration.

Depreciation and amortization

Depreciation and amortization expense for the three months ended June 30, 2020 remained consistent, as compared to the prior quarter.

During the year ended June 30, 2020, depreciation and amortization expense increased by $5.1 million as compared to the same period in the prior year. The increase was primarily due to (i) the depreciation of right-of-use assets which were capitalized as a result of the adoption of IFRS 16 effective July 1, 2019 (see "*New or Amended Standards Effective July 1, 2019*" for discussion of transitional impact); (ii) the depreciation of construction costs related to the retrofitting and completion of new grow facilities, such as Aurora Sky; (iii) additions to software and licensing intangible assets; offset by (iv) the impairment charge recognized on the property, plant and equipment and definite life intangible assets described above.

Share-based compensation

During the three months ended June 30, 2020, share-based compensation expense decreased by $3.2 million, as compared to the prior quarter. The decrease was primarily due to forfeitures of equity awards associated with the headcount reductions completed in February and June 2020 and a reduction in post-combination contingent consideration share-based payments relating to business combinations completed in the prior year.

During the year ended June 30, 2020, share-based compensation expense decreased by $47.1 million, as compared to the same period in the prior year. The decrease was primarily due to the headcount reduction mentioned above, a reduction in post-combination contingent consideration share-based payments relating to business combinations completed in the prior year, as well as a reduction in the fair value of options previously issued to an independent strategic advisor and new options issued during the respective periods. The decline in fair value is directly attributable to the decline in the Company's stock price throughout the fiscal year

Other (expense) income

During the three months ended June 30, 2020, other expense was $1.7 billion and was primarily attributable to (i) a $1.6 billion impairment charge on intangibles and goodwill; (ii) $86.5 million impairment charge on property, plant and equipment associated with the closure of certain Canadian production facilities as described above; and (iii) $29.1 million of finance and other costs. These were offset by (i) a $12.0 million gain on disposal of significant influence investment in Alcanna; and (ii) a $4.1 million of fair value gains on derivative instruments.

During the year ended June 30, 2020, other expense was $2.9 billion and was primarily attributable to (i) $2.5 billion impairment charge on intangible assets and goodwill; (ii) a $157.8 million impairment loss on property, plant and equipment; (iii) a $172.3 million loss on the induced conversion of the March 2018 convertible debentures, (iv) a $75.0 million impairment loss on investment in associates;(vi) $34.1 million of fair value losses on derivative investments; (vii) a $11.5 million loss pickup from investment in associates; and (viii) a $12.8 million loss on foreign exchange. These were offset by (i) a $175.6 million fair value gain on the derivative liability related to the $345 million U.S. dollar denominated convertible senior notes; and (ii) a $12.0 million gain on disposal of significant influence investment in Alcanna.

Refer to Notes 6(b), 7 and 15 of the Financial Statements for a summary of the Company's derivative investments, significant influence investments and convertible debentures.

Adjusted EBITDA

The following is the Company's adjusted EBITDA:

	Three months ended		Year ended	
($ thousands)	**June 30, 2020 [5]**	**March 31, 2020 [1][5]**	**June 30, 2020 [5]**	**June 30, 2019 [1][5]**
Net loss from continuing operations	(1,860,027)	(136,132)	(3,300,493)	(300,740)
Finance costs	29,120	6,662	77,538	39,409
Interest income	376	(2,195)	(4,990)	(3,679)
Income tax expense	(67,581)	(11,769)	(83,403)	(29,909)
Depreciation and amortization	22,565	22,263	95,615	76,694
EBITDA	**(1,875,547)**	**(121,171)**	**(3,215,733)**	**(218,225)**
Changes in fair value of inventory sold	43,153	14,144	91,825	71,821
Unrealized gain on changes in fair value of biological assets	(11,879)	(10,904)	(56,614)	(92,503)
Share-based compensation	5,975	9,204	59,899	107,039
Acquisition costs [2]	2,170	1,300	6,493	17,217
Foreign exchange (gain) loss	(3,613)	11,684	12,779	5,147
Share of loss from investment in associates	2,601	4,611	11,534	9,573
Gain on loss of control of subsidiary	—	(500)	(500)	(412)
(Gain) loss on financial instruments [4]	(3,265)	(6,416)	27,148	24,410
Gain on deemed disposal of significant influence investment	(11,955)	—	(11,955)	(144,368)
Restructuring charges	1,947	—	1,947	—
Impairment of inventory, investment in associates, property, plant and equipment, intangibles, and goodwill	1,815,807	47,621	2,882,505	82,291
Adjusted EBITDA[3]	**(34,606)**	**(50,427)**	**(190,672)**	**(138,010)**

(1) Certain previously reported amounts have been restated to exclude the results related to discontinued operations and to reflect the change in accounting policy for the allocation of production management staff salaries. For further detail, refer to Note 11(b) of the Financial Statements and "*Change in Accounting Policies*" section below, respectively.

(2) During the three months ended June 30, 2020, the Company adjusted for acquisition costs within its definition of Adjusted EBITDA and has applied this change retroactively. The Company believes that this presentation increases comparability and provides more relevant information to the users of the MD&A.

(3) Adjusted EBITDA is a non-GAAP financial measure and is not a recognized, defined, or standardized measure under IFRS. Refer to *"Cautionary Statement Regarding Certain Performance Measures"* section of the MD&A.

(4) Includes fair value changes on derivative investments, derivative liability, contingent consideration, loss on induced conversion of a debenture, and gain on the modification of debt. Refer to Note 20 of the Financial Statements.

(5) As a result of the Company's divestment of its wholly owned subsidiary ALPS, the operations of ALPS have been presented as discontinued operations and the Company's operational results have been retroactively restated, as required. Please see Note 11(b) of the Financial Statements for more information about the divestiture. Including the results of ALPS, adjusted EBITDA loss would have been $34.4 million and $52.3 million for the three months ended June 30, 2020 and March 31, 2020, respectively, and $196.6 million and $137.5 million for the years ended June 30, 2020 and June 30, 2019, respectively.

Included in the three months ended June 30, 2020 Adjusted EBITDA loss is $3.1 million costs relating to divested businesses and severance and benefit costs associated with our business transformation plan, and $0.8 million R&D termination costs. Excluding these impacts, Adjusted EBITDA loss would have been $30.7 million.

Adjusted EBITDA improved by $15.8 million, or 31%, for the three months ended June 30, 2020 as compared to the prior quarter. The decrease in Adjusted EBITDA loss was primarily attributable to (i) a $13.2 million decrease to SG&A following the business transformation plan announced on February 6, 2020; (ii) a$6.2 million decrease in cost of sales excluding the inventory impairment charges and depreciation allocated to cost of sales. These changes were offset by (i) a $3.4 million decrease in net revenue and (ii) a $2.0 million increase in R&D.

Adjusted EBITDA increased by $52.7 million, or 38%, for the year ended June 30, 2020 compared to the same period in the prior year. The increase was primarily attributable to (i) a $34.1 million increase in cost of sales, excluding the inventory impairment charges and depreciation allocated to cost of sales, due to an expansion in the Company's production facilities; (ii) a $38.2 million increase in SG&A related to the Company's larger cost infrastructure relative to 2019, which includes $4.3 million in termination payments related to the departure of certain senior executives in 2020; (iii) an $11.3 million increase in R&D; (iv) a $2.4 million increase in provisions for minimum inventory purchase commitments. These were offset by (i) a $33.4 million increase in net revenue of which $2.2 million is attributable to the acquisition of Whistler which occurred on March 1, 2019.

Liquidity and Capital Resources

($ thousands)	June 30, 2020	June 30, 2019	June 30, 2018
Cash and cash equivalents	162,179	172,727	76,785
Restricted cash	—	46,066	13,398
Marketable securities	7,066	143,248	59,188
Working capital	147,933	224,213	144,533
Total assets	2,783,695	5,499,241	1,886,510
Total non-current liabilities	384,439	675,502	258,419
Capitalization			
Convertible notes	327,038	503,581	191,528
Loans and borrowings	204,209	141,244	11,683
Total debt	531,247	644,825	203,211
Total equity	2,126,450	4,387,374	1,552,926
Total capitalization	2,657,697	5,032,199	1,756,137

During the year ended June 30, 2020, the Company primarily financed its operations, capital expenditures and growth initiatives through the generation of net revenue, and the assumption of debt and equity financing. For more information on key cash flows related to operations, investing and financing activities during the quarter, refer to the "*Cash Flow Highlights*" discussion below.

The Company's objective when managing its liquidity and capital resources is to maintain sufficient liquidity to support financial obligations when they come due, while executing operating and strategic plans. The Company manages liquidity risk by monitoring its operating requirements and preparing budgets and cash flow forecasts to identify cash flow needs for general corporate and working capital purposes, as well as for strategic initiatives. Our ability to fund our operating requirements depends on future operating performance and cash flows, which are subject to economic, financial, competitive, business and regulatory conditions, and other factors, some of which are beyond our control, such as the potential impact of COVID-19. Our primary short-term liquidity needs are to fund our net operating losses, capital expenditures to maintain existing facilities, debt repayments, and lease payments. Our medium-term liquidity needs primarily relate to debt repayments and lease payments. Our long-term liquidity needs primarily relate to potential strategic plans.

In an effort to manage liquidity prudently while the Company works to achieve profitability and positive cash flow, Aurora has taken the following steps:

- In November 2019, the Company announced that it had ceased construction of its Aurora Nordic Sky facility in Denmark and deferred spending on construction and commission costs for its Aurora Sun facility.
- On November 25, 2019, the Company reduced its near term debt obligations when holders of $227.0 million principal amount, or approximately 99%, of the Company's Debentures voluntarily elected to convert their Debentures pursuant to the Early Amended Conversion Privilege (the "Elected Debentures"). Under the terms of the Supplemental Indenture, the Elected Debentures were converted into common shares of the Company (the "Common Shares") at the Amended Early Conversion Price (as defined in the Supplemental Indenture) of $39.40 resulting in the issuance of an aggregate of 5,761,260 Common Shares. The remaining $2.3 million principal amount of these Debentures were repaid in cash on March 6, 2020. For more information, refer to Note 15(ii) of the Financial Statements.
- In February 2020, the Company announced a restructuring plan to reduce operating expenses and further streamline capital investments. These actions reset SG&A expenses to approximately $40 million to $45 million by the beginning of fiscal Q1 2021.
- In April 2020, the Company sold 5,302,227 common shares of EnWave Corporation at $0.80 per share for gross proceeds of $4.1 million.
- On April 2, 2019, the Company filed a Shelf Prospectus and a corresponding Registration Statement with the Securities Exchange Commission ("SEC"), which allows Aurora to make offerings of common shares, debt securities, subscription receipts, units, warrants or any combination thereof up to US$750.0 million during the 25-month period that the Shelf Prospectus is effective. In connection with the Shelf Prospectus, the Company also filed an ATM supplement which provides for US$400.0 million in common shares to be sold by registered dealers on behalf of Aurora in the United States at prevailing market prices at the time of sale. On April 16, 2020, the Company filed a second ATM supplement to its existing Shelf Prospectus which provides for an additional US$250.0 million in common shares to be sold by the executing sales agents at market prices, thus increasing the total available financing under the ATM from US$400.0 million to US$650.0 million while reducing the total available financing under the Shelf Prospectus to US$100.0 million. During the year ended June 30, 2020, the Company raised net proceeds of US$426.8 million (CAD$573.4 million) under its ATM program. As at June 30, 2020, the Company has US$214.5 million of remaining available room under the ATM and US$60.0 million remaining available room under the Shelf Prospectus for future financings or issuances of securities.
- In May 2020, the Company completed the sale of its Exeter property for net proceeds of $8.6 million. The Company also entered into an agreement to sell its Jamaica property subsequent to June 30, 2020 for gross proceeds of US$3.5 million.
- During the year ended June 30, 2020 the Company sold 9,200,000 common shares of Alcanna at $3.00 per share for gross proceeds of $27.6 million;
- In June 2020, the Company announced further restructuring initiatives including a 25% reduction in Aurora's SG&A staff and a 30% reduction in Aurora operational staff over the next several quarters. The Company also announced the consolidation of certain production facilities including Aurora Prairie, Aurora Mountain, Aurora Ridge, Aurora Vie, and Aurora Eau.
- In order to ensure prospective compliance with its debt covenants, effective September 9, 2020, the Company entered into the Second Amendment to the First Amended and Restated Credit Agreement with its Canadian banking syndicate (Note 16(a) of the Financial Statements).

These initiatives are expected to provide the Company with increased liquidity and flexibility to meet its financial commitments, including its near- term cash obligations of $279.8 million (inclusive of BMO credit facilities which mature August 2021). As of June 30, 2020, the Company has access to the following capital resources available to fund operations and obligations:

- $162.2 million cash and cash equivalents which the Company must maintain a minimum unrestricted cash balance of $35.0 million at any time (refer to "*Credit Facility*" section of this MD&A for more information);
- $264.4 million Credit Facility with BMO, of which $1.4 million letters of credit is outstanding under Facility A, $113.8 million of principal is outstanding under Facility B, and $3.7 million of principal is outstanding under Facility C (Note 16(a) of the Financial Statements). As of June 30, 2020, the Company had an undrawn balance of $41.6 million under Facility A, of which $10.0 was available to the Company;
- Subsequent to June 30, 2020 and as at September 22, 2020, the Company raised US$36.7 million gross proceeds under its ATM program, with US$177.8 million of remaining available room under the ATM and US$60.0 million remaining available room under the Shelf Prospectus for future financings or issuances of securities.

We expect that current cash and investments are sufficient to cover operating losses of the Company until it achieves positive cash flows. We intend to use the net proceeds from any offerings under the ATM program and/or Shelf Prospectus to support our short-term liquidity needs, debt repayments, non-routine capital, and potential acquisitions. Volatility in the cannabis industry, stock market and Company's share price may impact the amount and our ability to raise financing under the ATM Program and Shelf Prospectus. As of June 30, 2020, if the Company were to issue the maximum number of shares under both the ATM program and Shelf Prospectus, this would result in the Company issuing 17,267,636 and 8,051,530 common shares, respectively, based on the June 30, 2020 stock price of US$12.42.

From time-to-time, management may also consider the sale of its marketable securities and shares held in publicly traded investments in associates to help support near term cash and liquidity needs.

Based on all of the aforementioned factors, the Company believes that its reduction of operating costs, current liquidity position, and access to the ATM and Shelf Prospectus are adequate to fund operating activities and cash commitments for investing and financing activities for the foreseeable future.

Credit Facility

On August 29, 2018, the Company entered into a secured credit agreement (as amended, the "Credit Agreement") for $200.0 million with Bank of Montreal ("BMO") and certain lenders to establish a credit facility (as amended, the "Credit Facility"). The $200.0 million of funds are accessible through a $50.0 million revolving credit facility ("Facility A") and a $150.0 million non-revolving credit facility ("Facility B").

On September 4, 2019, the Company entered into an amendment to the Credit Agreement via the "First Amended and Restated Credit Agreement", which increased the Credit Facility by approximately $160.9 million and provided for a $39.1 million accordion feature. The additional $160.9 million of funds are accessible through a $64.4 million non-revolving credit facility ("Facility C") and a $96.5 million non-revolving credit facility ("Facility D"), which represented capital committed for the construction of Aurora Sun.

On March 25, 2020, the Company executed the First Amendment to the First Amended and Restated Credit Agreement, which eliminated the Facility D due to the Company halting and deferral of the construction of Aurora Sun, utilized the $45.0 million of restricted cash to repay and permanently reduce the outstanding term loan balance under Facility C; and amended the following financial covenant ratios:

i. the complete removal of a senior funded debt to EBITDA covenant of 3.00:1 and a total funded debt to EBITDA covenant of 4.00:1 ;
ii. the complete removal of a 1.25:1 minimum fixed charge coverage ratio;
iii. an adjustment to the total funded debt to adjusted shareholders' equity ratio not to exceed 0.25:1 prior to September 30, 2020 to 0.20:1 effective March 31, 2020. Total funded debt includes all obligations (except those noted below) which constitute debt and is calculated as the total principal outstanding under Facility A, Facility B, Facility C, the January 24, 2019 Senior Notes and total obligations under capital leases determined in accordance with IAS 17 - *Leases,* and other obligations secured by Purchase-Money Security Interests, capitalized interest, the redemption price of any securities which are redeemable at the option of the holder, and any aggregate actual hedge liability. Total funded debt excludes accounts payable, payroll accruals, accruals in respect of normal business expenses and future income taxes;
iv. maintenance of a minimum $35.0 million unrestricted cash balance at any time. Unrestricted cash is defined as the amount of cash held in bank accounts maintained by BMO that is not subject to any lien or any other restriction that would prevent the Company from using such cash for operating purposes in the ordinary course of business less any outstanding principal drawn under Facility A; and
v. achievement of certain quarterly minimum EBITDA thresholds beginning in the quarter ending September 30, 2020. For the purposes of this calculation, EBITDA is defined as the consolidated net income of the Company excluding the following: extraordinary or non-recurring income (expenses) and gains (losses), non-cash gains (losses) (such as unrealized foreign exchange gains (losses)) and income of the unsecured subsidiaries (except to the extent that dividends in respect of such income have been paid in cash by such unsecured subsidiaries to a secured company); plus the following amounts (to the extent such amounts were deducted in determining such consolidated net income, and without duplication): (a) Interest, fees and expenses paid in connection with permitted funded Debt; (b) income and capital taxes; (c) depreciation and amortization; (d) non-cash charges and expenses such as unrealized foreign exchange losses and charges relating to the impairment of goodwill and other intangible assets; (e) non-cash share-based compensation; (f) extraordinary non-recurring expenses or losses to the extent approved by the lenders in writing; and (g) any other expenses approved in writing by the lenders in their discretion. The minimum thresholds applicable under the First Amendment to the First Amended and Restated Credit Agreement were as follows:

    (i) for the fiscal quarter ended September 30,2020: $5.0 million;
    (ii) for the fiscal quarter ended December 31,2020: $5.0 million;
    (iii) for the fiscal quarter ended March 31, 2021: $16.0 million;

(iv) for the fiscal quarter ended June 30, 2021: $25.0 million; and
(v) for the twelve month fiscal period ending June 30, 2021: $51.0 million

As of June 30, 2020, the Company had a total funded debt to shareholders' equity ratio of 0.25:1 and an unrestricted cash balance of $143.9 million. As the Company exceeded its funded debt to shareholders' equity covenant, all amounts outstanding under the Credit Facility were classified as a current liability in accordance with *IAS 1 - Presentation of Financial Statements*.

Subsequent to June 30, 2020, the Company executed an amendment to the First Amendment to the First Amended and Restated Credit Agreement (the "Second Amendment to the First Amended and Restated Credit Agreement") which restructures existing financial covenants and retroactively applies to and remedies the Company's covenant breach as at June 30, 2020. Under the Second Amendment to the First Amended and Restated Credit Agreement, the Company is required to meet the following financial covenants:

- Total funded debt to shareholders' equity is not to exceed 0.28:1 for the quarters ending June 30, 2020 and September 30, 2020, and shall be reduced to 0.25:1 for the quarter ending December 31, 2020 onwards. For the purposes of calculating the total funded debt to shareholders' equity ratio, shareholders' equity excludes the $172.3 million loss from the induced conversion of the March 2018 Debentures (refer to Note 15(ii) of the consolidated financial statements for the year ended June 30, 2020);
- Total senior funded debt to EBITDA is not to exceed 3.00:1 at June 30, 2021. Total senior funded debt is defined as total funded debt of the Aurora and its subsidiaries, other than subordinated debt and such convertible notes as agreed to be excluded by the Lenders;
- Maintenance of a minimum $35.0 million unrestricted cash balance at any time; and
- Achievement of quarterly minimum EBITDA thresholds as follows:

  (i) for the fiscal quarter ended September 30,2020: $(11.0) million;
  (ii) for the fiscal quarter ended December 31,2020: $4.0 million;
  (iii) for the fiscal quarter ended March 31, 2021: $10.0 million;
  (iv) for the fiscal quarter ended June 30, 2021: $17.0 million; and
  (v) for the twelve month fiscal period ending June 30, 2021: $20.0 million.

Under the Second Amendment to the First Amended and Restated Credit Agreement effective September 9, 2020, the Company is in compliance with all amended and effective covenants. As this amendment was executed subsequent to June 30, 2020, the Company continues to classify the credit facilities as a current liability as at June 30, 2020 in accordance with *IAS 1 - Presentation of Financial Statements*.

As at June 30, 2020, the Company had $1.4 million letters of credit is outstanding under Facility A, $113.8 million of principal outstanding under Facility B, and $3.7 million of principal outstanding under Facility C. For additional information, refer to Note 16(a) of the Financial Statements.

Shelf Prospectus and ATM Program

On April 2, 2019, the Company filed a Shelf Prospectus with the securities regulators in each province of Canada, except for the Province of Quebec, and a corresponding shelf registration statement on Form F-10 (the "Registration Statement") with the U.S. Securities and Exchange Commission (the "SEC"). The Shelf Prospectus and the Registration Statement was declared effective on May 9, 2019 and May 10, 2019, respectively. The Shelf Prospectus and Registration Statement allows the Company to make offerings of common shares, debt securities, subscription receipts, units, warrants or any combination thereof of up to US$750.0 million during the 25-month period that the Shelf Prospectus is effective. Whenever the Company raises financing under the Shelf Prospectus, the specific terms, including the use of proceeds from any offering, will be set forth in a related prospectus supplement, which will be filed with the applicable Canadian securities regulatory authorities and the SEC. The Company also filed a prospectus ATM supplement which provides for the sale of up to US$400 million of common shares by registered dealers on behalf of Aurora at prevailing market prices at the time of sale. As described above, on April 16, 2020, the Company filed a second ATM supplement which provides for an additional US$250.0 million in common shares to be sold, increasing the total financing available under the ATM from US$400.0 million to US$650.0 million.

Total assets decreased by $2.7 billion from the prior year mostly due to the $2.5 billion impairment to charge to intangible assets and goodwill. As of September 22, 2020, the fair value of shares held in marketable securities and investments in associates was $18.9 million and the intrinsic value of derivative investments was $16.1 million.

As at June 30, 2020, total capitalization decreased by $2.4 billion compared to June 30, 2019. The decrease was primarily due to a $2.3 billion decrease in equity primarily due to the $2.5 billion intangible asset and goodwill impairment charge. In addition, total debt decreased by $113.6 million due to the repayments made against the BMO Credit Facility and settlement of the March 2018 convertible debentures.

Cash Flow Highlights

The table below summarizes the Company's cash flows for the three months ended June 30, 2020 and March 31, 2020 and the years ended June 30, 2020 and June 30, 2019:

	Three months ended		Year ended	
($ thousands)	June 30, 2020	March 31, 2020	June 30, 2020	June 30, 2019
	$	$	$	$
Cash used in operating activities	(49,650)	(58,687)	(337,952)	(192,245)
Cash used in investing activities	(2,873)	(85,539)	(249,483)	(312,297)
Cash (used in) provided by financing activities	(5,068)	212,575	582,562	597,548
Effect of foreign exchange	(10,438)	5,525	(5,675)	2,936
Increase (decrease) in cash and cash equivalents	(68,029)	73,874	(10,548)	95,942

Cash used in operating activities for the three months ended June 30, 2020 decreased by $9.0 million, as compared to the prior quarter. The decrease was primarily attributable to a decrease in operational spending as a result of the business transformation plan announced on February 6, 2020 and June 23, 2020. Included in this decrease is a $106.3 reduction in non-cash working capital over the prior quarter driven by (i) $107.6 million decrease in inventory and biological assets; (ii) a $26.2 million decrease in accounts receivable; offset by (iii) $23.3 million increase in accounts payable and accrued liabilities; and (iv) a $11.1 million increase in income taxes payable.

Cash used in operating activities for the year ended June 30, 2020 increased by $145.7 million, as compared to the year ended June 30, 2019. This was primarily attributable to an increase in overall spending associated with a larger headcount base, and the expansion of domestic and international operations and business functions relative to 2019. This was offset by a $44.9 million decrease in non-cash working capital over the prior year driven by a (i) $124.0 million decrease in accounts receivable; (ii) a $21.0 million decrease in inventory and biological assets; (iii) a $12.8 million decrease in prepaids expenses; and (iv) a $9.7 million increase in income taxes payable; offset by (v) a $122.0 million decrease in accounts payable and accrued liabilities over the prior period.

Cash used in investing activities for the three months ended June 30, 2020 decreased by $82.7 million, as compared to the prior quarter. The decrease was primarily attributable to (i) a $50.0 million decrease in property, plant and equipment expenditures; and (ii) a $33.7 million increase in proceeds generated from disposals of marketable securities and investments in associates.

Cash used in investing activities for the year ended June 30, 2020 decreased by $62.8 million, as compared to the year ended June 30, 2019. The decrease was primarily attributable to (i) a $59.2 million decrease in property, plant and equipment expenditures; (ii) a $71.3 million increase in proceeds generated from disposals of marketable securities and investments in associates; (iii) a $48.6 million decrease in investments outlays on marketable securities and derivatives; offset by (iv) a $113.9 million decrease in net cash acquired from business combinations.

Cash provided by financing activities for the three months ended June 30, 2020 decreased by $217.6 million, as compared to the prior quarter. The decrease was primarily attributable to (i) a $158.2 million decrease in proceeds generated from share issuances mainly from equity financing, (ii) a $45.0 million decrease in restricted cash; (iii) a $22.0 million decrease in proceeds drawn under our long term loans through the BMO Credit Facility; and (iv) a $8.8 million increase in repayments to the BMO Credit Facility; offset by (v) a $11.5 million decrease in principal lease payments.

Cash provided by financing activities for the year ended June 30, 2020 decreased by $15.0 million, as compared to the year ended June 30, 2019. The decrease was primarily attributable to (i) a $516.2 million increase in cash generated from share issuances primarily from equity financing; (ii) a $78.7 million decrease in restricted cash; (iii) a $16.9 million decrease in financing fees; offset by (iv) a $518.7 million decrease in proceeds drawn under long term loans through the BMO Credit Facility; (ii) a $94.0 million increase in the repayments to the BMO Credit Facility; (iii) a $7.8 million increase in principal payments on lease liabilities; and (iv) a $5.9 million decrease in cash contributions from non-controlling interests.

Capital Expenditures

The Company's major capital expenditures for the year ended June 30, 2020 mainly consisted of equipment purchases and construction activities at Aurora Nordic Sky, Aurora Sun and Aurora Polaris. However, during the three months ended December 31, 2019, the Company deferred construction activities related to new production facilities, including Aurora Nordic Sky and Aurora Sun, in an effort to align production capacity with global demand. Remaining capital commitments primarily pertain to initiatives designed to maintain operations, reduce operating costs or reduce production risks.

For Q1 2021, management has approved capital spending plans totaling less than $25.0 million. These projects include: (i) co-generation capabilities at Aurora's River facility, reducing risk at one of our major facilities and reducing energy costs, with a $10.0 million offsetting grant expected over next 12 months, (ii) the completion of the first six rooms at Aurora Sun to produce high demand cultivars, and (iii) continued development of our German production facility. Capital spending in Q2 2021 is planned to be well below Q1 levels.

Contractual Obligations

As at June 30, 2020, the Company had the following contractual obligations:

($ thousands)	Total	≤ 1 year	Over 1 year to 3 years	Over 3 years to 5 years	> 5 years
	$	$	$	$	$
Accounts payable and accrued liabilities	95,574	95,574	—	—	—
Convertible notes and interest (1)	571,439	25,760	51,521	494,158	—
Lease liability (2)	171,868	11,243	32,643	27,468	100,514
Loans and borrowings, excluding lease liabilities (2)	123,143	123,125	18	—	—
Contingent consideration payable (3)	101,466	66,426	35,040	—	—
Capital commitments (4)	17,830	17,830	—	—	—
Purchase commitments (5)	12,748	3,451	4,132	4,132	1,033
License and sponsorship fees (6)	141,397	2,851	46,460	50,880	41,206
Total contractual obligations	1,235,465	346,260	169,814	576,638	142,753

(1) Assumes the principal balance outstanding at June 30, 2020 remains unconverted and includes the estimated interest payable until the maturity date.
(2) Includes interest payable until maturity date.
(3) Payable in cash, shares, or a combination of both at Aurora's sole discretion.
(4) Relates to remaining commitments that the Company has made to vendors for equipment purchases and capital projects pertaining to existing construction.
(5) Relates to a manufacturing agreement with Capcium for the encapsulation of softgels.
(6) Subsequent to June 30, 2020, the Company and UFC mutually terminated its partnership for a one-time payment of US$30.0 million.

Contingencies

From time to time, the Company and/or its subsidiaries may become defendants in legal actions and the Company intends to take appropriate action with respect to any such legal actions, including by defending itself against such legal claims as necessary. Other than the claims described below, as of the date of this report, Aurora is not aware of any other material or significant claims against the Company.

On October 3, 2018, a claim was commenced against the Company regarding the failure to supply product under a recently acquired subsidiary's supply agreement. The plaintiff was seeking specific performance of the supply agreement and damages for breach of contract for approximately $22.0 million (€14.7 million) plus legal costs. In accordance with the terms of the agreement, the Company had terminated the contract due to a breach by the plaintiff. As of June 30, 2020, the Company fully settled this claim for $0.2 million.

In connection with the acquisition of MedReleaf, the Company assumed a contingent liability associated with a formerly terminated MedReleaf employee. The claimant sought performance under the terms of his employment agreement related to a severance obligation. The Company recognized a provision of $4.2 million as part of the purchase price allocation in the prior year and the amount was fully settled during the year ended June 30, 2020.

The Company and certain of its current and former directors and officers are subject to a purported class action proceeding in the United States District Court for the District of New Jersey on behalf of persons or entities who purchased, or otherwise acquired, publicly traded Aurora securities between October 23, 2018 and January 6, 2020. The complaints allege, inter alia, that we and certain of our current and former officers and directors violated the federal securities laws by making false or misleading statements, including that the defendants materially overstated the demand and potential market for our consumer cannabis products; that our ability to sell products had been materially impaired by extraordinary market oversupply, that our spending growth and capital commitments were slated to exceed our revenue growth; that we had violated German law mandating that companies receive special permission to distribute medical products exposed to regulated irradiation techniques, and that the foregoing, among others, had negatively impacted the Company's business, operations, and prospects and impaired the Company's ability to achieve profitability. A lead plaintiff has been appointed and an amended complaint was filed and served on September 21, 2020. We dispute the allegations in the complaints and intend to vigorously defend against the claims. Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, we are currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matters described above. As such, no provision has been recognized as at June 30, 2020.

The Company and its subsidiary, Aurora Cannabis Enterprises Inc., have been named in a purported class action proceeding in the Province of Alberta in relation to the alleged mislabeling of cannabis products with inaccurate THC/CBD content. The class action involves a number of other parties including Aleafia Health Inc., Hexo Corp, Tilray Canada Ltd., among others, and alleges that upon laboratory testing, certain cannabis products were found to have lower THC potency than the labeled amount, suggesting, among other things, that plastic containers may be leeching cannabinoids. We dispute the allegations and intend to vigorously defend against the claims. Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, we are currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matter described above. As such, no provision has been recognized as at June 30, 2020.

A claim was commenced on June 15, 2020 against Aurora and a former officer alleging a claim of breach of obligations under a term sheet, with the plaintiff seeking $18.0 million in damages. The Company believes the action to be without merit and intends to defend this claim. Due to the uncertainty of the timing and the amount of estimated future cash outflows relating to this claim, no provision has been recognized as of June 30, 2020.

A claim was commenced on June 17, 2020 against Aurora by a former consultant of MedReleaf regarding stock options that were believed by the plaintiff to be granted prior to MedReleaf's IPO. These options were not on the records of MedReleaf at the time of due diligence or acquisition and, as such, no options were granted on closing of the acquisition. The amount being claimed is not specified. The Company believes the action to be without merit and intends to defend this claim.

On August 10, 2020, a purported class action lawsuit was filed against Aurora and certain executive officers in the Province of Alberta on behalf of persons or entities who purchase, or otherwise acquired, publicly traded Aurora securities and suffered losses as a result of Aurora releasing statements containing misrepresentations during the period of September 11, 2019 and December 21, 2019. We dispute the allegations and intend to vigorously defend against the claims. Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, we are currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matter described above. As such, no provision has been recognized as at June 30, 2020.

We are subject to litigation and similar claims in the ordinary course of business, including claims related to employment, human resources, product liability and commercial disputes. We have received notice of, or are aware of, certain possible claims against us where the magnitude of such claims is negligible or it is not currently possible for us to predict the outcome of such claims, possible claims and lawsuits due to various factors including: the preliminary nature of some claims; an incomplete factual record; and the unpredictable nature of opposing parties and their demands. Management is of the opinion, based upon legal assessments and information presently available, that it is unlikely that any of these claims would result in liability to the Company, to the extent non provided for through insurance or otherwise, would have a material effect on our consolidated financial statements, other than the claims described above.

Off-balance sheet arrangements

As at the date of this MD&A, the Company has a $1.4 million letters of credit outstanding under Facility A of its BMO Credit Agreement. There are no other material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

Related Party Transactions

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team and management directors. Compensation expense for key management personnel was as follows:

	Years ended June 30,	
($ thousands)	2020	2019
Short-term employment benefits [1]	8,118	7,446
Termination benefits	4,553	—
Directors' fees [2]	586	349
Share-based compensation [3]	20,628	20,132
Total management compensation [4]	33,885	27,927

(1) Short-term employment benefits include salaries, wages, bonuses and non-monetary benefits such as subsidized vehicle costs. Short-term employment benefits are measured at the exchange value, being the amounts agreed to by each party.
(2) Includes meeting fees and committee chair fees.
(3) Share-based compensation represent the contingent consideration, and the fair value of options, restricted share unites, and deferred share units granted and vested to key management personnel and directors of the Company under the Company's share-based compensation plans (Note 18 of the Financial Statements).
(4) As of June 30, 2020, $3.8 million is payable or accrued for key management compensation (June 30, 2019 - $2.6 million).

The following is a summary of the significant transactions with related parties:

	Years ended June 30,	
($ thousands)	2020	2019
Operational, administrative and service fees [1]	—	6,696
Marketing fees [2]	—	3,124
Production costs [3]	6,330	500
Services and advisory fees [4]	1,247	160
	7,577	10,480

(1) Operational, administrative and service fees paid or accrued pursuant to a service agreement between CanvasRx and Canadian Cannabis Clinics ("CCC"). Aurora has an option to acquire CCC if CCC breaches the terms of the service agreement.
(2) Marketing fees paid to Colour Creative Persuasion Inc., a company partially owned by a former officer of the Company.
(3) Production costs incurred with (i) Capcium Inc. ("Capcium"), a company where Aurora holds significant influence; and (ii) Iotron Industries Canada Inc. ("Iotron"), an associate of the Company's joint venture company. Aurora does not have the authority or ability to exert power over either Capcium or Iotron's financial and/or operating decisions (i.e. control).
(4) Finders', service and advisory fees paid to Belot Business Consulting Corp. (a company controlled by the former Chief Global Development Officer), Lola Ventures Inc. (a company controlled by the former CEO), and Superior Safety Codes (a company controlled by the former CEO and President). Subsequent to June 30, 2020, the Company will no longer incur fees to these entities. No fees will be paid to these entities in future periods.

During the year ended June 30, 2020, the Company sold ALPS back to its former founding owner who was also an employee of the Company (Refer to *"Key Developments During the Three Months Ended June 30, 2020"*).

The following amounts were receivable from (payable to) related parties:

($ thousands)	June 30, 2020	June 30, 2019
Loan receivable from joint venture [1]	3,242	—
Production costs with investments in associates [2][3]	(1,365)	—
	1,877	—

(1) Relates to the purchase of production equipment on behalf of the Company's joint venture, Auralux Enterprises Ltd. The loan bears interest at 5% per annum, payable monthly. The loan is to be repaid in installments on an annual basis in an amount equal to 50% of the associate's EBITDA. The unpaid balance of the loan matures 10 years from the funding date.

(2) Production costs incurred with (i) Capcium Inc., who manufactures softgels for the Company and (ii) Iotron Industries Canada Inc. who provides cannabis processing services to the Company. Aurora has significant influence over Capcium Inc. and is party to a common joint venture with Iotron Industries Canada Inc. Pursuant to a manufacturing agreement with Capcium Inc., the Company is contractually committed to purchase a minimum number of softgels during calendar 2020 and thereafter. If the Company fails to meet the required purchase minimum, then it is required to pay a penalty fee equal to the difference between the actual purchased quantity and the required purchase minimum multiplied by cost of the softgels. The Company is committed to purchase 40.7 million capsules in calendar 2020, and 20.0 million capsules per calendar year until December 31, 2026. The Company believes that it is more likely than not that the minimum quantity will not be met as of December 31, 2020 and as a result, the Company recognized a $0.9 million provision as of June 30, 2020. Under a License Agreement with CTT Pharmaceutical Holdings Inc., a company where Aurora holds significant influence, the Company also has a commitment to pay royalties at a rate of 5% of gross sales of all products and licensed services under the agreement.

(3) Amounts are due upon the issuance or receipt of invoices, are unsecured and non-interest bearing.

These transactions are in the normal course of operations and are measured at the exchange value being the amounts agreed to by the parties.

Critical Accounting Estimates

The preparation of the Company's Financial Statements under IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the Financial Statements are as follows:

Biological Assets

The Company defines biological assets as cannabis plants up to the point of harvest. Biological assets are measured at fair value less costs to sell at the end of each reporting period in accordance with IAS 41 - *Agriculture* using the income approach. The income approach calculates the present value of expected future cash flows from the Company's biological assets using the following key Level 3 assumptions and inputs:

Inputs and assumptions	Description	Correlation between inputs and fair value
Average selling price per gram	Represents the average selling price per gram of dried cannabis net of excise taxes, where applicable, for the period for all strains of cannabis sold, which is expected to approximate future selling prices.	If the average selling price per gram were higher (lower), estimated fair value would increase (decrease).
Average attrition rate	Represents the weighted average number of plants culled at each stage of production.	If the average attrition rate was lower (higher), estimated fair value would increase (decrease).
Weighted average yield per plant	Represents the weighted average number of grams of dried cannabis inventory expected to be harvested from each cannabis plant.	If the average yield per plant was higher (lower), estimated fair value would increase (decrease).
Standard cost per gram to complete production	Based on actual production costs incurred divided by the grams produced in the period.	If the standard cost per gram to complete production was lower (higher), estimated fair value would increase (decrease).
Stage of completion in the production process	Calculated by taking the weighted average number of days in production over a total average grow cycle of approximately twelve weeks.	If the number of days in production was higher (lower), estimated fair value would increase (decrease).

Significant assumptions used in the fair value of biological assets include (i) the average selling price per gram; (ii) the weighted average yield per plant; and (iii) the standard cost per gram to complete production. Refer to Note 8 for sensitivities and the impact of changes to these significant assumptions on the fair value of biological assets.

Production costs are capitalized to biological assets and include all direct and indirect costs relating to biological transformation. Costs include direct costs of production, such as labor, growing materials, as well as indirect costs such as indirect labor and benefits, quality control costs, depreciation on production equipment, and overhead expenses including rent and utilities.

Inventory

Cannabis Inventory is transferred from biological assets at fair value less costs to sell at the point of harvest, which becomes the deemed cost. By-products, such as trim, are measured at their net-realizable-value ("NRV") at point of harvest which is deducted from the total deemed cost to give a net cost for the primary product. Any subsequent post-harvest costs are capitalized to Cannabis Inventory to the extent that the cost is less than NRV. NRV for work-in-process ("WIP") and finished Cannabis Inventory is determined by deducting estimated remaining conversion/completion costs and selling costs from the estimated sale price achievable in the ordinary course of business. Products for resale, consumable supplies and accessories are initially recognized at cost and subsequently valued at the lower of cost and NRV. The Company uses judgment in determining the NRV of inventory. When assessing NRV, the Company considers the impact of price fluctuation, inventory spoilage, inventory excess, age, and damage.

Leases

The lease liability and right of use asset valuation is based on the present value of the lease payments over the lease term. The lease term is determined as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. We apply judgment in evaluating whether it is reasonably certain whether or not to exercise the option to extend or terminate the lease, and any modifications to the lease term will result in the revaluation of the lease. The present value of the lease payments is dependent on the incremental borrowing rate used, which we apply estimates in determining the rates.

Estimated useful life of property, plant and equipment

Depreciation of property, plant and equipment is dependent upon estimates of useful lives and residual values which are determined through the exercise of judgment. Residual values, useful lives and depreciation methods are reviewed annually for relevancy and changes are accounted for prospectively. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic conditions, market conditions and the useful lives of the assets.

Impairment of property, plant and equipment

The Company assesses impairment of property, plant and equipment when an impairment indicator arises (e.g. change in use or discontinued use, obsolescence or physical damage). When the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, the asset is tested at the cash generating unit ("CGU") level. In assessing impairment, the Company compares the carrying amount of the asset or CGU to the recoverable amount, which is determined as the higher of the asset or CGU's fair value less costs of disposal and its value-in-use. Value-in-use is assessed based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects applicable market and economic conditions, the time value of money and the risks specific to the asset. An impairment loss is recognized whenever the carrying amount of the asset or CGU exceeds its recoverable amount and is recorded in the consolidated statements of comprehensive loss.

Impairment of investments in associates and joint ventures

Investments in associates and joint ventures are assessed for indicators of impairment at each period end. An impairment test is performed when there is objective evidence of impairment, such as significant adverse changes in the environment in which the equity-accounted investee operates or there is a significant or prolonged decline in the fair value of the investment below its carrying amount. An impairment loss is recorded when the recoverable amount is lower than the carrying amount. An impairment loss is reversed if the reversal is related to an event occurring after the impairment loss is recognized. Reversals of impairment losses are recognized in profit or loss and are limited to the original carrying amount under the equity method as if no impairment had been recognized for the asset in prior periods. The Company uses judgment in assessing whether impairment has occurred or a reversal is required as well as the amounts of such adjustments.

Impairment of intangible assets and goodwill

Goodwill and intangible assets with an indefinite life or not yet available for use are tested for impairment annually, and whenever events or circumstances that make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose all or a portion of a reporting unit. Finite life intangible assets are tested whenever there is an indication of impairment.

Goodwill and indefinite life intangible assets are tested for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount. Goodwill is allocated to CGUs or groups of CGU's for impairment testing based on the level at which it is monitored by management, and not at a level higher than an operating segment. Goodwill is allocated to those CGUs or groups of CGUs expected to benefit from the business combination from which the goodwill arose, which requires the use of judgment.

An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds it recoverable amount. The recoverable amounts of the CGUs' assets have been determined based on either fair value less costs of disposal or value-in-use method. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the CGU, given the necessity of making key economic assumptions about the future. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying value of assets in the CGU. Any impairment is recorded in profit and loss in the period in which the impairment is identified. A reversal of an asset impairment loss is allocated to the assets of the CGU on a pro rata basis. In allocating a reversal of an impairment loss, the carrying amount of an asset shall not be increased above the lower of its recoverable amount and the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior period. Impairment losses on goodwill are not subsequently reversed.

Business combinations

In determining the fair value of all identifiable assets acquired and liabilities assumed, the most significant estimates generally relate to contingent consideration and intangible assets. Management exercises judgment in estimating the probability and timing of when earn-outs are expected to be achieved, which is used as the basis for estimating fair value. Identified intangible assets are fair valued using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Share-based compensation

Depending on the complexity of the specific stock option and warrant terms, the fair value of options and warrants is calculated using either the Black-Scholes option pricing model or the Binomial model. When determining the fair value of stock options and warrants, management is required to make certain assumptions and estimates related to expected lives, volatility, risk-free rate, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

Deferred tax assets

Significant estimates are required in determining the Company's provision for income taxes and uncertain tax positions. Some of these estimates are based on interpretations of existing tax laws or regulations. Various internal and external factors may have favorable or unfavorable effects on the Company's future effective tax rate. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, changes in estimates of prior years' items, results of tax audits by tax authorities, future levels of research and development spending, changes in estimates related to repatriation of undistributed earnings of foreign subsidiaries, and changes in overall levels of pre-tax earnings. The assessment of whether or not a valuation allowance is required on deferred tax assets often requires significant judgment with regard to management's assessment of the long-range forecast of future taxable income and the evaluation of tax planning initiatives. Adjustments to the deferred tax valuation allowances are made to earnings in the period when such assessments are made.

Fair value of financial instruments

The individual fair values attributed to the different components of a financing transaction, notably marketable securities, derivative financial instruments, convertible debentures and loans, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and derive estimates. Significant judgment is also used when attributing to fair values to each component of a transaction upon initial recognition, measuring fair values for certain instruments on a recurring basis and disclosing the fair values of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of instruments that are not quoted or observable in an active market. Information about valuation techniques and inputs used in determining the fair value of financial instruments is disclosed in Note 27 of the Financial Statements.

Change in Accounting Policies

Effective April 1, 2020, the Company elected to change its accounting policy for inventory costing relating to by-products. The process of growing and harvesting dried cannabis produces trim which is now considered to be a by-product. Cannabis inventory is transferred from biological assets at fair value less costs to sell at the point of harvest, which becomes the deemed cost. Historically, the Company pro-rated this deemed cost based on the total grams harvested. The Company now measures the by-products at their net realizable value at point of harvest and deducts this value from the total deemed cost to give a net cost for the main product. Additionally, the Company has elected to change its accounting policy with respect to the allocation of production related staff salaries, from S&M and G&A expenses to cost of goods sold. The Company now allocates and capitalizes a portion of these salaries to inventory as opposed to expensing them directly in sales and marketing, and general and administrative expenses. The Company believes that the revised policies and presentation provides more relevant financial information to users of the consolidated financial statements. See Note 9 of the Financial Statements, for the Company's revised accounting policy on inventory costing.

Management has applied the change in accounting policy retrospectively. The consolidated financial statements for the year ended June 30, 2019 have been restated to reflect adjustments made as a result of this change in accounting policy. The following is a summary of the impacts to the statement of financial position, the statement of comprehensive loss, and the statement of cash flows for the year ended June 30, 2019:

	June 30, 2019 As previously reported	Inventory Adjustments	Discontinued Operations	June 30, 2019 Restated
Consolidated Statement of Financial Position				
Biological assets	51,836	(1,269)	—	50,567
Inventory	113,641	(2,320)	—	111,321
Deferred tax liability	91,886	(916)	—	90,970
Deficit	(283,639)	(2,672)	—	(286,311)

	Year ended June 30, 2019 As previously reported	Inventory Adjustments	Discontinued Operations	Year ended June 30, 2019 Restated
Consolidated Statement of Comprehensive Loss				
Cost of sales	112,526	11,252	—	123,778
Gross profit before fair value adjustments	135,413	(11,252)	(2,403)	121,758
Changes in fair value of inventory sold	72,129	(308)	—	71,821
Unrealized gain on changes in fair value of biological assets	(96,531)	4,028	—	(92,503)
Gross profit	159,815	(14,972)	(2,403)	142,440
General and administration	172,365	(11,384)	(1,912)	159,069
Deferred tax (recovery) expense	(23,257)	(916)	264	(23,909)
Net loss from continuing operations	(297,924)	(2,672)	(144)	(300,740)
Net loss attributable to Aurora shareholders	(290,837)	(2,672)	—	(293,509)
Loss per share (basic and diluted)	(3.63)	(0.03)	n/a	(3.66)

	Year ended June 30, 2019 As previously reported	Inventory Adjustments	Discontinued Operations	Year ended June 30, 2019 Restated
Consolidated Statement of Cash Flows				
Unrealized gain on changes in fair value of biological assets	(96,531)	4,028	—	(92,503)
Changes in fair value of inventory sold	72,129	(308)	—	71,821
Deferred tax expense (recovery)	(23,257)	(916)	264	(23,909)
Changes in non-cash working capital	(37,952)	(211)	878	(37,285)
Net cash used in operating activities	(192,245)	—	—	(192,245)

New or Amended Standards Effective July 1, 2019

(i) IFRS 16 Leases

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"), which replaces IAS 17, Leases ("IAS 17") and related interpretations. The standard introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases with a term exceeding 12 months, unless the underlying asset is insignificant. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessors continue to classify leases as operating or finance, with lessor accounting remaining substantially unchanged from the preceding guidance under IAS 17. The Company adopted the standard on July 1, 2019 using the modified retrospective method, with the cumulative effect initially recognized in retained earnings, and no restatement of prior comparative periods.

The majority of our property leases, which were previously treated as operating leases, were impacted by IFRS 16. The adoption of IFRS 16 has resulted in:

i) higher non-current assets related to the initial recognition of the present value of our unavoidable future lease payments as right-of-use assets under property, plant and equipment, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized in the balance sheet as at July 1, 2019;
ii) higher current and non-current liabilities related to the concurrent recognition of lease liabilities, which are measured at the present value of the remaining fixed lease payments, discounted by our weighted average incremental borrowing rate of 5.62% as of July 1, 2019;
iii) replacement of rent expense previously recorded in cost of goods sold, general and administration, and sales and marketing expenses with depreciation expense of these right-of-use assets and higher finance costs related to the accretion and interest expense of the corresponding lease liabilities; and
iv) variable lease payments and non-lease components are expensed as incurred.

The new standard does not change the amount of cash transferred between the lessor and lessee but impacts the presentation of the operating and financing cash flows presented on the Company's consolidated statement of cash flows by decreasing operating cash flows and increasing financing cash flows.

The Company elected to apply the following recognition exemptions and practical expedients, as described under IFRS 16:

i) recognition exemption of short-term leases;
ii) recognition exemption of low-value leases;
iii) application of a single discount rate to a portfolio of leases with similar characteristics on transition;
iv) exclusion of initial direct costs from the measurement of the right-of-use assets upon transition;
v) application of hindsight in determining the applicable lease term at the date of transition; and
vi) election to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The following table summarizes the adjustments to opening balances resulting from the initial adoption of IFRS 16, with the effects on transition being recognized directly to retained earnings:

As at July 1, 2019	As previously reported under IAS 17	IFRS 16 transition adjustments	Inventory adjustments (noted above)	As reported under IFRS 16
	$	$		$
Prepaid deposits	24,323	(585)	—	23,738
Property, plant and equipment	765,567	96,049	—	861,616
Current loans and borrowings	(13,758)	(6,630)	—	(20,388)
Non-current loans and borrowings	(127,486)	(88,834)	—	(216,320)
Accumulated deficit	283,639	—	2,672	286,311

The following table reconciles the operating lease commitments as at June 30, 2019 to the opening balance of lease liabilities as at July 1, 2019:

Operating lease commitments as at June 30, 2019	$	94,780
Add: finance lease liabilities recognized as at June 30, 2019		1,326
Add: adjustments as a result of a different treatment for extension and termination options		94,829
Effect of discounting using the lessee's incremental borrowing rate		(88,767)
Less: lease commitments not yet in effect		(4,068)
Less: short-term, low-value asset leases and others		(1,318)
Lease liabilities recognized as at July 1, 2019	$	96,782

As a result of adopting IFRS 16, the Company updated its lease accounting policies as follows:

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease is recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. The finance cost is recognized in “finance and other costs” in the consolidated statement of comprehensive loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

The Company’s lease liability is recognized net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee’s incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in general and administration and sales and marketing expense in the consolidated statement of comprehensive loss. Short-term leases are defined as leases with a lease term of 12 months or less. Variable lease payments that do not depend on an index, rate, or subject to a fair market value renewal condition are expensed as incurred and recognized in costs of goods sold, general and administration, or sales and marketing expense, as appropriate given how the underlying leased asset is used, in the consolidated statement of comprehensive loss.

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. The depreciation is recognized from the commencement date of the lease.

If the right-of-us asset is subsequently leased to a third party (a “sublease”), the Company will assess the classification of the sublease as to whether it is a finance or operating lease. Subleases that are classified as an operating lease will recognize lease income while a financing lease will recognize a lease receivable and de-recognize the carrying value of the right-of-use asset, with the difference recorded in profit of loss.

(ii) **IFRIC 23 Uncertainty Over Income Tax Treatments**

IFRIC 23 provides guidance that adds to the requirements in IAS 12, Income Taxes by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC 23 requires an entity to determine whether uncertain tax positions are assessed separately or as a group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If not, the entity should reflect the effect of uncertainty in determining its accounting tax position. The Company adopted IFRIC 23 effective July 1, 2019 and was applied using the modified retrospective approach without restatement of comparative information. There was no material impact on the Company’s consolidated financial statements.

(iii) Amendments to IFRS16: COVID-19 Related Rent Concessions

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they

were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021. The amendment is effective June 1, 2020 but, to ensure the relief is available when needed most, lessees can apply the amendment immediately in any financial statements not yet authorized for issue. The Company adopted this amendment during the year ended June 30, 2020, however it did not have a material impact to the Company's consolidated financial statements.

Recent Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

(i) Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued "*Definition of a Business (Amendments to IFRS 3)*". The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendment provides an assessment framework to determine when a series of integrated activities is not a business. The amendments are effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The Company has evaluated the potential impact of these amendments and concluded that there is no impact to the Company's consolidated financial statements.

(ii) Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

The amendments revise the existing requirements for hedge accounting and are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as Interbank Offered Rates ("IBOR"). The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after January 1, 2020, with earlier application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

(iii) Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2022. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

(iv) Amendments to IAS 37: Onerous Contracts and the cost of Fulfilling a Contract

The amendment specifies that 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment are effective for annual periods beginning on or after January 1, 2022 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Financial Instruments

Financial instruments are measured either at fair value or at amortized cost. The table below lists the valuation methods used to determine the fair value of each financial instrument.

	Fair Value Method
Financial Instruments Measured at Fair Value	
Marketable securities	Closing market price of common shares as of the measurement date (Level 1)
Derivatives	Closing market price (Level 1) or Black-Scholes, Binomial, Monte-Carlo & FINCAD valuation model (Level 2 or 3)
Contingent consideration payable	Discounted cash flow model (Level 3)
Derivative liability	Kynex valuation model (Level 2)
Financial Instruments Measured at Amortized Cost	
Cash and cash equivalents, accounts receivable, loan receivable	Carrying amount (approximates fair value due to short-term nature)
Accounts payable and accrued liabilities	Carrying amount (approximates fair value due to short-term nature)
Convertible debentures, loans and borrowings	Carrying value discounted at the effective interest rate which approximates fair value

Summary of Financial Instruments

The carrying values of the financial instruments as at June 30, 2020 are summarized in the following table:

	Amortized Cost	FVTPL	Designated FVTOCI	Total
Financial Assets	$	$	$	$
Cash and cash equivalents	162,179	—	—	162,179
Restricted cash	—	—	—	—
Accounts receivable, excluding taxes receivable	48,198	—	—	48,198
Marketable securities	—	—	7,066	7,066
Derivatives	—	53,582	—	53,582
Loans receivable	3,643	—	—	3,643
Financial Liabilities				
Accounts payable and accrued liabilities	95,574	—	—	95,574
Convertible debentures (1)	327,038	—	—	327,038
Contingent consideration payable	—	19,604	—	19,604
Loans and borrowings	204,209	—	—	204,209
Derivative liability	—	1,827	—	1,827

(1) The fair value of convertible notes includes both the debt and equity components.

Fair Value Hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3	Inputs for the asset or liability that are not based on observable market data.

The following is a summary of financial instruments measured at fair value segregated based on the various levels of inputs as atJune 30, 2020:

($ thousands)	Level 1	Level 2	Level 3	Total
As of June 30, 2020				
Marketable securities (1)	6,066	—	1,000	7,066
Derivative assets (1)	—	37,480	16,102	53,582
Contingent consideration payable (2)	—	—	19,604	19,604
Derivative liability (2)	—	1,827	—	1,827
As at June 30, 2019				
Marketable securities	142,248	—	1,000	143,248
Derivative assets	—	64,001	22,408	86,409
Contingent consideration payable	—	—	28,137	28,137
Derivative liability (2)	—	177,395	—	177,395

(1) For a reconciliation of realized and unrealized gains and losses applicable to financial assets measured at fair value for the year ended June 30, 2020, refer to Notes 6(a) and (b) of the Financial Statements.
(2) For a reconciliation of unrealized gains and losses applicable to financial liabilities measured at fair value for the year ended June 30, 2020, please refer to Note 15(iii) and Note 27 of the Financial Statements.

During the year ended June 30, 2020, there have been no transfers between fair value levels during the period.

Financial Instruments Risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is moderately exposed to credit risk from its cash and cash equivalents, accounts receivable and loans receivable. The risk exposure is limited to their carrying amounts reflected on the statement of financial position. The risk for cash and cash equivalents and restricted cash is

mitigated by holding these instruments with highly rated Canadian financial institutions. As the Company does not invest in asset-backed deposits or investments, it does not expect any credit losses. The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the financial institutions and the investment grade of its GICs. The Company mitigates the credit risk associated with the loans receivable by managing and monitoring the underlying business relationship.

Accounts receivables primarily consist of trade accounts receivable and sales tax receivable. The Company provides credit to certain customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. Credit risk is generally limited for receivables from government bodies, which generally have low default risk, and medical sales direct to patients, where payment is required prior to the delivery of goods. Credit risk for non-government wholesale customers is assessed on a case-by-case basis and a provision is recorded where required. As of June 30, 2020, $2.2 million of accounts receivable are from non-government wholesale customers (June 30, 2019 - $25.1 million). As of June 30, 2020, the Company recognized a $1.7 million provision for expected credit losses (June 30, 2019 - $3.1 million).

As at June 30, 2020, the Company's aging of trade receivables was as follows:

($ thousands)	June 30, 2020	June 30, 2019
0 – 60 days	34,167	49,452
61 + days	11,032	34,425
	45,199	83,877

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities when they are due. The Company manages liquidity risk through the management of its capital structure and resources to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. Refer to "*Liquidity and Capital Resources*" section of this MD&A for detailed discussion.

Market risk

Market risk is the risk that changes in the market related factors, such as foreign exchange rates and interest rates, will affect the Company's (loss) income or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(a) Currency risk

The operating results and financial position of the Company are reported in Canadian dollars. As the Company operates internationally, certain of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are, therefore, subject to currency transaction and translation risks.

The Company's main risk is associated with fluctuations in Euros, Danish Krone, Australian and U.S. dollars. The Company holds cash in Canadian dollars, U.S. dollars, Danish Krone and Euros; investments denominated in Australian and U.S. dollars and C$460.6 million of Senior Notes which are denominated in U.S. dollars. Assets and liabilities are translated based on the Company's foreign currency translation policy.

The Company has determined that as at June 30, 2020, an effect of a 10% increase or decrease in Euros, Danish Krone, Australian dollars and U.S. dollars against the Canadian dollar on financial assets and liabilities would result in an increase or decrease of approximately $41.8 million (June 30, 2019 - $48.9 million) to net loss and $2.6 million (June 30, 2019 - $20.5 million) to comprehensive loss for the year ended June 30, 2020.

At June 30, 2020, the Company has not entered into any hedging agreements to mitigate currency risks with respect to foreign exchange rates.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's financial liabilities consist primarily of long-term fixed rate debt or variable rate debt. Fluctuations in interest rates could impact the Company's cash flows, primarily with respect to the interest payable on the Company's variable rate debt, which consists of certain borrowings with a total principal value of $117.5 million (June 30, 2019 - $146.2 million). If the variable interest rate changed by 10 basis points, the Company would incur an associated increase or decrease in net and comprehensive loss of approximately $0.5 million (June 30, 2019 - $0.2 million).

(c) Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's marketable securities and investments are susceptible to price risk arising from uncertainties about their future outlook, future values and the impact of market conditions. The fair value of marketable securities and derivatives held in publicly traded entities are based on quoted market prices, which the shares of the underlying investments can be exchanged for. The fair value of marketable securities and derivatives held in privately-held entities are based on various valuation techniques, as detailed under the "*Financial Instruments"* section above, and is dependent on the type and terms of the security.

If the fair value of these financial assets were to increase or decrease by 10% as of June 30, 2020, the Company would incur an associated increase or decrease in net and comprehensive loss of approximately $6.1 million (June 30, 2019 - $23.0 million). See Note 6 of the Financial Statements for additional details regarding the fair value of marketable securities and derivatives.

Summary of Outstanding Share Data

The Company had the following securities issued and outstanding as at September 22, 2020:

Securities (1)	Units Outstanding
Issued and outstanding common shares	121,528,720
Stock options	5,324,821
Warrants	1,078,747
Restricted share units	810,669
Deferred share units	25,305
Performance share units	419,442
Convertible debentures	47,737,650

(1) Refer to Note 15 “Convertible Debentures”, Note 17 “Share Capital” and Note 18 “Share-Based Compensation” of the Financial Statements for a detailed description of these securities. All references to the number of securities above have been retroactively adjusted to reflect the Share Consolidation effective May 11, 2020.

Historical Quarterly Results

($ thousands, except per share and Operational Results)	Q4 2020	Q3 2020 (1)	Q2 2020 (1)	Q1 2020 (1)
Financial Results				
Net revenue (2)	$72,114	$75,520	$56,027	$75,245
Adjusted gross margin before FV adjustments on cannabis net revenue (4)	50%	43%	48%	62%
(Loss) earnings from continuing operations attributable to common shareholders	($1,855,484)	($136,164)	($1,292,314)	$10,135
(Loss) earnings from discontinued operations attributable to common shareholders	($2,954)	($3,882)	($1,695)	($1,313)
(Loss) earnings attributable to common shareholders	($1,858,438)	($140,046)	($1,294,009)	$8,822
Basic and diluted (loss) earnings per share from continuing operations	($16.67)	($1.36)	($14.25)	$0.12
Basic and diluted (loss) earnings per share	($16.69)	($1.40)	($14.26)	$0.10
Balance Sheet				
Working capital	$147,933	$429,293	$400,070	$116,228
Cannabis inventory and biological assets (5)	$139,198	$225,966	$200,868	$171,225
Total assets	$2,783,695	$4,699,137	$4,656,046	$5,599,277
Operational Results – Cannabis				
Cash cost to produce per gram sold (6)	$0.89	$1.22	$1.05	$1.05
Average net selling price of dried cannabis (4)	$3.60	$4.64	$4.69	$4.90
Kilograms produced	44,406	36,207	30,691	41,436
Kilograms sold	16,748	12,729	9,501	12,463

	Q4 2019 (1)(7)	Q3 2019 (1)	Q2 2019 (1)	Q1 2019 (1)
Financial Results				
Net revenue (2)	$98,942	$64,231	$54,178	$28,185
Adjusted gross margin before FV adjustments on cannabis net revenue (4)	63%	54%	48%	53%
(Loss) earnings from continuing operations attributable to common shareholders	($3,151)	($155,027)	($241,669)	$106,194
(Loss) earnings from discontinued operations attributable to common shareholders	$2,939	($1,775)	($288)	($732)
(Loss) earnings attributable to common shareholders	($212)	($156,802)	($241,957)	$105,462
Basic (loss) earnings per share from continuing operations	($0.04)	($1.85)	($2.97)	$1.50
Diluted (loss) earnings per share from continuing operations	($0.04)	($1.85)	($2.97)	$1.47
Basic (loss) earnings per share	$0.00	($1.88)	($2.97)	$1.49
Diluted (loss) earnings per share	$0.00	($1.88)	($2.97)	$1.46
Balance Sheet				
Working capital	$224,213	$467,076	$270,424	$548,446
Cannabis inventory and biological assets (5)	$140,687	$115,370	$75,719	$80,848
Total assets	$5,499,241	$5,547,127	$4,871,679	$4,955,361
Operational Results – Cannabis				
Cash cost to produce per gram sold (6)	$1.21	$2.12	$2.49	$1.45
Average net selling price of dried cannabis (4)	$4.91	$5.86	$6.23	$8.31
Kilograms produced	29,034	15,590	7,822	4,996
Kilograms sold	17,793	9,160	6,999	2,676

(1) Certain previously reported amounts have been restated to exclude the results related to discontinued operations and change in accounting policy for the valuation of inventory costing relating to by-products. For further detail, refer to Note 11(b) of the Financial Statements and *"Change in Accounting Policies"* section above, respectively.

(2) Net revenues represent our total gross revenues net of excise taxes levied by the CRA effective October 17, 2018, on the sale of medical and consumer use cannabis products. Given that our gross revenue figures exclude excise taxes that were levied and billed back to customers, as reflected in accordance with IFRS 15, we believe that the presentation of net revenue more accurately reflects the level of revenue earned during the relevant period.

(3) Gross margin on cannabis net revenue is a non-GAAP measure. Refer to *"Cautionary Statement Regarding Certain Non-GAAP Performance Measures"* section of this MD&A for the defined term. Gross margin on cannabis net revenue for Q2 2019 and subsequent periods were comprised of revenues from both medical and consumer markets, while gross margin on cannabis net revenues for the periods prior to Q2 2019 were comprised of revenues from medical cannabis only. Given that our gross revenue from the sale of goods figure excludes excise taxes, we believe that the presentation of gross margin on cannabis net revenue more accurately reflects the level of gross profit earned from cannabis products during the relevant period.

(4) Refer to " *Cautionary Statement Regarding Certain Performance Measures"* section of this MD&A for the defined terms.

(5) Represents total biological assets and cannabis inventory, exclusive of merchandise, accessories, supplies and consumables.

(6) Cash cost of sales per gram of dried cannabis sold and cash cost to produce per gram of dried cannabis sold are non-GAAP financial measures and are not recognized, defined, or subject to standardized measurement under IFRS. These respective metrics represent the blended and consolidated cash costs for dried cannabis produced by Aurora operations and sold under our Aurora, CanniMed, MedReleaf, Whistler, and ICC operations during the year ended June 30, 2020. However, due to the acquisitions completed and growth achieved in fiscal 2019, the metrics for the fiscal 2019, reflect the blended and consolidated

cash costs of dried cannabis produced and sold by our Aurora, CanniMed, MedReleaf, ICC and Whistler operations. Refer to *"Cautionary Statement Regarding Certain Non-GAAP Performance Measures"* section of this MD&A for the defined terms.

(7) During the three months ended June 30, 2019, the Company recorded non-material year end corrections to: (i) capitalize certain payroll, share-based compensation and borrowing costs, related to the construction of our production facilities that were incorrectly expensed in prior periods; and (ii) reverse items that had been over-accrued in prior periods. The net impact of these adjustments to the three months ended June 30, 2019 Adjusted EBITDA was a $14.9 million reduction in reported operating expenses.

Risk Factors

In addition to the other information included in this report, readers should consider carefully the following factors, which describe the risks, uncertainties and other factors that may materially and adversely affect our business, products, financial condition and operating results. There are many factors that affect our business and our results of operations, some of which are beyond our control. The following is a description of important factors that may cause our actual results of operations in future periods to differ materially from those currently expected or discussed in the forward-looking statements ("FLS") set forth in this report relating to our financial results, operations and business prospects. Except as required by law, we undertake no obligation to update any such FLS to reflect events or circumstances after the date of this MD&A.

These risks include, but are not limited to the following:

We have a limited operating history and there is no assurance we will be able to achieve or maintain profitability.

Aurora Marijuana Inc. was the entity in which our operating business was originally organized. This company was incorporated in 2013 and our business began operations in 2015. We started generating revenues from the sale of cannabis in January 2016. Because we are considered an early-stage enterprise, and due to the disruption and slower than anticipated growth of the cannabis market globally and in Canada, we are subject to all of the associated business risks and uncertainties which include, but are not limited to, under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenues.

We have incurred operating losses in recent periods. We may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, as we explore and implement initiatives to grow our business, we expect to continue to increase operating expenses. If our revenues do not increase to offset these expected increases in costs and operating expenses, we may not be profitable. Our limited operating history may make it difficult for investors to evaluate our prospects for success. There is no assurance that we will be successful in achieving a return on shareholders' investments and the likelihood of success is uncertain in light of the early stage of our operations.

Our business is reliant on the good standing of our licenses.

Our ability to continue our business of cannabis cultivation, storage, and distribution is dependent on the good standing of all of our licenses, authorizations, and permits and adherence to all regulatory requirements related to such activities. We will incur ongoing costs and obligations related to regulatory compliance. Any failure to comply with the terms of the licenses, or to renew the licenses after their expiry dates, would have a material adverse impact on the financial conditions and operations of the business. Although we believe that we will meet the requirements of the *Cannabis Act* for future extensions or renewals of the licenses, there can be no assurance that Health Canada will extend or renew the licenses, or if extended or renewed, that they will be extended or renewed on the same or similar terms. Should Health Canada or the Canada Revenue Agency not extend or renew the licenses, or should they renew the licenses on different terms, our business, financial condition and operations would be materially adversely affected. The same risks may arise when expanding our operations to foreign jurisdictions.

We are committed to regulatory compliance, including but not limited to the maintenance of good production practices and physical security measures required by Health Canada. Failure to comply with regulations may result in additional costs for corrective measures, penalties, or restrictions on our operations. In addition, changes in regulations, more vigorous enforcement thereof, or other unanticipated events could require changes to our operations, increased compliance costs or give rise to material liabilities, which could have an adverse effect on our business, financial condition and operations.

Our Canadian licenses are reliant on our established sites.

The Canadian licenses we hold are specific to individual facilities. Any adverse changes or disruptions to the functionality, security and sanitation of our sites or any other form of non-compliance may put our licenses at risk, and ultimately adversely impact our business, financial condition and operations. As our operations and financial performance may be adversely affected if we are unable to keep up with such requirements, we are committed to the maintenance of our sites and intend to comply with Health Canada and their inspectors as required.

As our business continues to grow, any expansion to or update of our current operating sites, or the introduction of new sites, will require the approval of Health Canada. There is no guarantee that Health Canada will approve any such expansions and/or renovations, which could adversely affect our business, financial condition and operations.

We operate in a highly regulated business and any failure or significant delay in obtaining applicable regulatory approvals could adversely affect our ability to conduct our business.

Achievement of our business objectives is contingent, in part, upon compliance with the regulatory requirements enacted by applicable government authorities, including those imposed by Health Canada, and obtaining all applicable regulatory approvals, where necessary. We cannot predict the time required to secure all appropriate regulatory approvals for our products, or with respect to any activities or our facilities, or the extent of testing and documentation that may be required by government authorities. The impact of regulatory compliance regimes and any delays in obtaining, or failure to obtain, regulatory approvals may significantly delay or impact the development of our business and operations. Non-compliance could also have a material adverse effect on our business, financial condition and operations.

Change in the laws, regulations, and guidelines that impact our business may cause adverse effects on our operations.

Our business is subject to a variety of laws, regulations, and guidelines relating to the marketing, manufacturing, management, transportation, storage, sale, packaging and labeling, disposal and, if necessary, acquisition of cannabis. We are also subject to laws, regulations, and guidelines relating to health and safety, the conduct of operations, taxation of products and the protection of the environment. As the laws, regulations and guidelines pertaining to the cannabis industry are relatively new, it is possible that significant legislative amendments may still be enacted – either provincially or federally – that address current or future regulatory issues or perceived inadequacies in the regulatory framework. Changes to such laws, regulations, and guidelines may cause material adverse effects on our business, financial condition and operations.

The legislative framework pertaining to the Canadian non-medical cannabis market is subject to significant provincial and territorial regulation. The legal framework varies across provinces and territories and results in asymmetric regulatory and market environments. Different competitive pressures, additional compliance requirements, and other costs may limit our ability to participate in such markets.

We compete for market share with a number of competitors and expect even more competitors to enter our market, and many of our current and future competitors may have longer operating histories, more financial resources, and lower costs than us.

As the cannabis market continues to mature, both domestically and internationally, the overall demand for products and the number of competitors are expected to increase. Consumers that once solely relied on the medical cannabis market may shift some, or all, of their consumption or preferences away from medical cannabis and towards consumer cannabis. The *Cannabis Act* also permits patients to produce a limited amount of cannabis for their own purposes or to designate a person to produce a limited amount of cannabis on their behalf. Such shifts in market demand, and other factors that we cannot currently anticipate, could potentially reduce the market for our products, which could ultimately have a material adverse effect on our business, financial condition and operations.

Some companies may have significantly greater financial, technical, marketing, and other resources compared to us. Such companies may be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships. Such competition may make it difficult to enter into supply agreements, negotiate favourable prices, recruit or retain qualified employees, and acquire the capital necessary to fund our capital investments.

In addition, there are currently hundreds of applications for licensed producer's status being processed by Health Canada. The number of licenses granted, and the number of licensed producers ultimately authorized by Health Canada, could have an adverse impact on our ability to compete for market share in Canada's cannabis market. We also face competition from illegal cannabis dispensaries, who do not have a valid license, that are selling cannabis to individuals.

In order for us to be competitive, we will need to invest significantly in research and development, market development, marketing, production expansion, new client identification, distribution channels, and client support. If we are not successful in obtaining sufficient resources to invest in these areas, our ability to compete in the market may be adversely affected, which could materially and adversely affect our business, financial conditions and operations.

Our future success depends upon our ability to maintain competitive production costs through increased production, economies of scale and our ability to recognize higher margins through the sale of higher margin products. To the extent that we are not able to continue to produce our products at competitive prices or consumers prioritize established low margin products over innovative, higher margin products, our business, financial conditions and operations could be materially adversely affected.

Selling prices and the cost of cannabis production may vary based on a number of factors outside of our control.

Our revenues are in a large part derived from the production, sale, and distribution of cannabis. The cost of production, sale, and distribution of cannabis is dependent on a number of key inputs and their related costs, including equipment and supplies, labour and raw materials related to our growing operations, as well other overhead costs such as electricity, water, and utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs, including an inability to secure required supplies and services or to do so on appropriate terms could materially and adversely impact our business, financial condition, and results of operations. This includes any change in the selling price of products set by the applicable province or territory. There is currently no established market price for cannabis and the price of cannabis is affected by numerous factors beyond our control. Any price decline may have a material adverse effect on our business, financial condition and operations.

We may not be able to realize our growth targets.

Our ability to continue the production of cannabis products at the same pace as we are currently producing, or at all, and our ability to continue to increase both our production capacity and our production volumes, may be affected by a number of factors, including plant design errors, non-performance by third party contractors, increases in materials or labour costs, construction performance falling below expected levels of output or efficiency, contractor or operator errors, breakdowns, aging or failure of equipment or processes, and labour disputes. Factors specifically related to indoor agricultural and processing practices, such as reliance on provision of energy and utilities to our facilities, those specifically related to outdoor cultivation practices, such as droughts, environmental pollution and inadvertent contamination, and any major incidents or catastrophic events affecting the premises, such as fires, explosions, earthquakes or storms, may all materially and adversely impact the growth of our business.

The continuance of our contractual relations with provincial and territorial governments cannot be guaranteed.

Part of our current revenues depend upon our supply contracts with the various Canadian provinces and territories. There are many factors which could impact our contractual agreements and alterations to, or the termination of, such contracts may adversely impact our business, financial condition and operations.

Our continued growth may require additional financing, which may not be available on acceptable terms or at all.

Our continued development may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of our current business strategy or our ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be available on favorable terms. If additional funds are raised through issuances of equity, equity-linked securities, or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences, and privileges superior to those of holders of Common Shares. In addition, from time to time, we may enter into transactions to acquire assets or equity securities of other companies. These transactions may be financed wholly or partially with debt, which may increase our debt levels above industry standards and our ability to service such debt. Any debt financing obtained in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which could make it more difficult for us to obtain additional capital and pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, entitle lenders to accelerate repayment of debt and there is no assurance that we would be able to repay such debt in such an event or prevent the enforcement of security, if any, granted pursuant to such debt financing.

Any default under our existing debt that is not waived by the applicable lenders could materially adversely impact our results of operations and financial results and may have a material adverse effect on the trading price of our common shares.

The Company is required to comply with the covenants in its Credit Facility and convertible senior notes due February 28, 2024, including the payment of interest and debt services covenants pursuant to the Credit Facility. These covenants could reduce the Company's flexibility in conducting the Company's operations by limiting the Company's ability to borrow money, or acquire or dispose of assets and conduct other corporate activity, and may create a risk of default on the Company's debt (including by a cross-default to other credit agreements) if the Company cannot satisfy or continue to satisfy these covenants. In the past, the Company has negotiated amendments to its Credit Facility to ensure that its debt service covenants are not triggered. If the Company cannot comply with a debt covenant or anticipates that it will be unable to comply with a debt covenant under the Credit Facility in the future or under any other debt instrument it s party to, management may seek a waiver and/or amendment to the Credit Facility or other applicable debt instrument in respect of any such covenant in order to avoid any breach or default that might otherwise result therefrom. If the Company defaults under the Credit Facility or other debt instruments and the default is not waived by the lenders, the debt extended pursuant to all of its debt instruments could become due and payable prior to its stated due date. If such event were to occur, the Company cannot give any assurance that (i) its lenders will agree to any covenant amendments or waive any covenant breaches or defaults that may occur under the Credit Facility or other applicable debt instruments, and (ii) it could pay this debt if it became due prior to its stated due date. Accordingly, any default by the Company under its existing debt that is not waived by the applicable lenders could materially adversely impact the Company's results of operations and financial results and may have a material adverse effect on the trading price of its common shares.

We may not be able to successfully develop new products or find a market for their sale.

The medical and non-medical cannabis industries are in their early stages of development and it is likely that we, and our competitors, will seek to introduce new products in the future. In attempting to keep pace with any new market developments, we may need to expend significant amounts of capital in order to successfully develop and generate revenues from new products introduced by us. As well, we may be required to obtain additional regulatory approvals from Health Canada and any other applicable regulatory authorities, which may take significant amounts of time and entail significant costs. We may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on our business, financial condition and operations.

As the cannabis market continues to mature, our products may become obsolete, less competitive, or less marketable.

Because the cannabis market and associated products and technology are rapidly evolving, both domestically and internationally, we may be unable to anticipate and/or respond to developments in a timely and cost-efficient manner. The process of developing our products is complex and requires significant costs, development efforts, and third-party commitments. Our failure to develop new products and technologies and the potential disuse of our existing products and technologies could adversely affect our business, financial condition and operations. Our success will depend, in part, on our ability to continually invest in research and development and enhance our existing technologies and products in a competitive manner.

Restrictions on branding and advertising may negatively impact our ability to attract and retain customers.

Our success depends on our ability to attract and retain customers. The *Cannabis Act* strictly regulates the way cannabis is packaged, labelled, and displayed. The associated provisions are quite broad and are subject to change. It is currently prohibited to use testimonials and endorsements, depict people, characters and animals and produce any packaging that may be appealing to young people. The restrictions on packaging, labelling, and the display of our cannabis products may adversely impact our ability to establish brand presence, acquire new customers, retain existing customers and maintain a loyal customer base. This may ultimately have a material adverse effect on our business, financial conditions and operations.

The cannabis business may be subject to unfavorable publicity or consumer perception.

The success of the cannabis industry may be significantly influenced by the public's perception of cannabis. Cannabis is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion, and public opinion relating to cannabis will be favorable. Consumer perception of our products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future scientific research, findings, regulatory proceedings, litigation, media attention or

other research findings or publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for our products and our business, financial condition, results of operations and prospects. Our dependence upon consumer perception means that adverse scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity, whether or not accurate or with merit, could have a material adverse effect on us, the demand for products, and our business, financial condition, results of operations and prospects. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or our products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect on us. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately, or as directed.

Third parties with whom we do business may perceive themselves as being exposed to reputational risk by virtue of their relationship with us and may ultimately elect to discontinue their relationships with us.

The parties with which we do business may perceive that they are exposed to reputational risk as a result of our cannabis business activities. In particular, while we attempt to conduct our cannabis-related business activities in compliance with all laws, negative perceptions of cannabis-related activities could cause the parties with whom we do business to discontinue their relationships with us and may cause potential counterparties to decline to do business with us. These risks may increase during periods in jurisdictions where cannabis-related activities are illegal and where jurisdictions focus their enforcement efforts on eliminating such activities. Failure to establish or maintain business relationships could have a material adverse effect on our business, financial condition and operations.

There may be unknown health impacts associated with the use of cannabis and cannabis derivative products.

There is little in the way of longitudinal studies on the short-term and long-term effects of cannabis use on human health, whether used for recreational or medicinal purposes. As such, there are inherent risks associated with using the Company's cannabis and cannabis derivative products. The Company's cannabis and cannabis derivative products should always be used only as specifically instructed by the Company on the packaging and associated product information or product insert prepared by the Company. Consumers should never modify cannabis products or cannabis derivative products or add substances to such products as this may result in increased health risks and unpredictable adverse reactions. Previously unknown or unforeseeable adverse reactions arising from human consumption of cannabis products may occur and consumers should consume cannabis at their own risk or in accordance with the direction of a health care practitioner.

We may enter into strategic alliances or expand the scope of currently existing relationships with third parties that we believe complement our business, financial condition and results of operation and there are risks associated with such activities.

We have entered into, and may in the future enter into, strategic alliances with third parties that we believe will complement or augment our existing business. Our ability to complete and develop strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen regulatory issues, integration obstacles or costs, may not enhance our business, and may involve risks that could adversely affect us, including significant amounts of management time that may be diverted from current operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that our existing strategic alliances will continue to achieve, the expected benefits to our business or that we will be able to consummate future strategic alliances on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on our business, financial condition and operations.

Our success will depend on attracting and retaining key personnel.

Our success will depend on our directors' and officers' ability to develop and execute our business strategies and manage our ongoing operations, as well as our ability to attract and retain key personnel. Competition for qualified professionals, technical, sales and marketing staff, as well as officers and directors can be intense, and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations. While employment and consulting agreements are customary, these agreements cannot assure the continued services of such individuals.

Further, as a licensed producer under the *Cannabis Act*, certain key personnel are required to obtain a security clearance by Health Canada. Licenses will not be granted until all key personnel have been granted security clearance. Under the *Cannabis Act*, a security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of our existing or future key personnel will be able to obtain or renew such clearances. A failure by key personnel to maintain or renew their security clearance could result in a material adverse effect on our business, financial condition and operations. There is also a risk that if key personnel leave the Company, we may not be able to find a suitable replacement that can obtain a security clearance in a timely manner, or at all.

Certain of our directors and officers may have conflicts of interests due to other business relationships.

The Company may be subject to potential conflicts of interest as some of its officers and directors may be engaged in a range of other business activities. The Company's executive officers and directors are permitted to devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations.

The Company may also become involved in other transactions which conflict with the interests of its directors and officers who may, from time to time, deal with persons, institutions or corporations with which the Company may be dealing, or which may be seeking investments similar to those the Company desires. The interests of these persons could conflict with the Company's interests. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Board, a director

who has such a conflict will abstain from voting for or against the approval thereof in accordance with applicable laws. In accordance with applicable laws, the Company's directors are required to act honestly, in good faith and in the Company's best interests.

Future expansion efforts may not be successful.

There is no guarantee that the Company's current expansion strategy will be completed in the currently proposed form, if at all, nor is there any guarantee that the Company will be able to expand into additional jurisdictions. There is also no guarantee that expansions to our marketing and sales initiatives will be successful. Any such activities will require, among other things, various regulatory approvals, licenses and permits (such as additional licenses from Health Canada under the *Cannabis Act*) and there is no guarantee that all required approvals, licenses and permits will be obtained in a timely fashion or at all. There is also no guarantee that we will be able to complete any of the foregoing activities as anticipated or at all. Our failure to successfully execute our expansion strategy could adversely affect our business, financial condition and operations and may result in our failing to meet anticipated or future demand for products, when and if it arises.

In addition, the construction (or remaining construction) of any current or future facilities is subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond our control, including the failure to obtain regulatory approvals, permits, delays in the delivery or installation of equipment by our suppliers, difficulties in integrating new equipment with its existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, or insufficient funding or other resource constraints. Moreover, actual costs for construction may exceed our budgets. As a result of construction delays, cost overruns, changes in market circumstances or other factors, we may not be able to achieve the intended economic benefits, which in turn may materially and adversely affect our business, prospects, financial condition and operations.

We have expanded and intend to further expand our business and operations into jurisdictions outside of Canada, and there are risks associated with doing so.

As international demand grows, we intend to consider the expansion of our operations and business into jurisdictions outside of Canada, some of which are emerging markets, but there can be no assurance that any market for our products will develop in any such foreign jurisdiction. The continuation or expansion of our operations internationally will depend on our ability to renew or secure the necessary permits, licenses, or other approvals in those jurisdictions. An agency's denial of or delay in issuing or renewing a permit, license, or other approval, or revocation or substantial modification of an existing permit or approval, could prevent us from continuing our operations in or exports to other countries.

Operations in non-Canadian markets may expose us to new or unexpected risks or significantly increase our exposure to one or more existing risk factors. Some governmental regulations may require us to award contracts in, employ citizens of, and/or purchase supplies from the jurisdiction. These factors may limit our capability to successfully expand our operations and may have a material adverse effect on our business, financial condition and operations.

In addition, we are further subject to a wide variety of laws and regulations domestically and internationally with respect to the flow of funds and product across international borders and the amount of medical cannabis we export may be limited by the various drug control conventions to which Canada is a signatory.

While we continue to monitor developments and policies in the emerging markets in which we operate and assess the impact thereof to our operations, such developments cannot be accurately predicted and could have an adverse effect on the Corporation's business, operations or profitability.

Our business may be affected by political and economic instability.

We may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates, and high rates of inflation. Changes in medical and agricultural development or investment policies or shifts in political viewpoints of certain countries may adversely affect our business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people, and water use. The effect of these factors cannot be accurately predicted.

We rely on international advisors and consultants in foreign jurisdictions.

The legal and regulatory requirements in the foreign countries in which we currently or intend to operate are different from those in Canada. Our officers and directors must rely, to a great extent, on local legal counsel and consultants in order to ensure our compliance with material legal, regulatory and governmental developments as they pertain to and affect our business operations, to assist with governmental relations and enhance our understanding of and appreciation for the local business culture and practices. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond our control. The impact of any such changes may adversely affect our business, financial condition and operations.

Failure to comply with the Corruption of Foreign Public Officials Act (Canada) ("CFPOA") and the Foreign Corrupt Practices Act (United States) ("FCPA"), as well as the anti-bribery laws of the other nations in which we conduct business, could subject us to penalties and other adverse consequences.

We are subject to the CFPOA and the FCPA, which generally prohibit companies and their employees from engaging in bribery, kickbacks or making other prohibited payments to foreign officials for the purpose of obtaining or retaining business. The CFPOA and the FCPA also require companies to maintain accurate books and records and internal controls, including at foreign controlled subsidiaries. In addition, we are subject to other anti-bribery laws of other countries in which we conduct, or will conduct, business that apply similar prohibitions as the CFPOA and FCPA (e.g. the Organization for Economic Co-operation and Development Anti-Bribery Convention). Our employees or other agents may, without our knowledge and despite our efforts, engage in prohibited conduct under our policies and procedures and the CFPOA, the FCPA, or other anti-

bribery laws to which we may be subject for which we may be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and operations.

We may be subject to uninsured or uninsurable risks.

While we may have insurance to protect our assets, operations, and employees, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which we are exposed. No assurance can be given that such insurance will be adequate to cover our liabilities or that it will be available in the future or at all, and that it will be commercially justifiable. We may be subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our normal business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our business, financial condition and operations.

We may be subject to product liability claims.

As a manufacturer and distributor of products designed to be inhaled and ingested by humans, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. We may be subject to various product liability claims, including, among others, that the products produced by us caused or contributed to injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against us could result in increased costs, adversely affect our reputation and goodwill with our customers, and could have a material adverse effect on our business, financial condition and operations. There can be no assurances that we will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of such products.

Our cannabis products may be subject to recalls for a variety of reasons.

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by us are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. We may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although we have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits, whether frivolous or otherwise. Additionally, if any of the products produced by us were subject to recall, the reputation and goodwill of that product and/or us could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for our products and could have a material adverse effect on our business, financial condition and results of operations. Additionally, product recalls may lead to increased scrutiny of our operations by Health Canada or other regulatory agencies, requiring further management attention, increased compliance costs and potential legal fees, fines, penalties and other expenses. Furthermore, any product recall affecting the cannabis industry more broadly could lead consumers to lose confidence in the safety and security of the products sold by holders of licenses under the *Cannabis Act* generally, which could have a material adverse effect on our business, financial condition and operations.

We may become party to litigation, mediation, and/or arbitration from time to time.

We may become party to regulatory proceedings, litigation, mediation, and/or arbitration from time to time in the ordinary course of business, which could adversely affect our business, financial condition and operations. Monitoring and defending against legal actions, with or without merit, can be time-consuming, divert management's attention and resources and can cause us to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and we could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. While we have insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact our business, financial condition, or operations. Litigation, and any decision resulting therefrom, may also create a negative perception of our company. We are currently subject to class action proceedings in both the United States and Canada (as further detailed herein). Though we believe these to be without merit and intend to vigorously defend against the claims, there is no assurance that we will be successful.

The transportation of our products is subject to security risks and disruptions.

We depend on fast, cost-effective, and efficient courier services to distribute our product to both wholesale and retail customers. Any prolonged disruption of these courier services could have an adverse effect on our business, financial condition and operations. Rising costs associated with the courier service we use to ship our products may also adversely impact our business and our ability to operate profitably.

Due to the nature of our products, security during transportation is of the utmost concern. Any breach of the security measures during the transport or delivery of our products, including any failure to comply with recommendations or requirements of government regulators, whether intentional or not, could have a materially adverse impact on our ability to continue operating under our current licenses and may potentially impact our ability to renew such licenses.

Our business is subject to the risks inherent in agricultural operations.

Since our business revolves mainly around the growth and processing of cannabis, an agricultural product, the risks inherent with agricultural businesses apply to our business. Such risks may include disease and insect pests, among others. Cannabis growing operations consume considerable energy and any rise in energy costs may have a material adverse effect on our ability to produce cannabis.

Although we currently grow, and expect to grow, most of our cannabis in climate-controlled, monitored, indoor locations, some of our production takes place outdoors and there is no guarantee that changes in outside weather and climate will not adversely affect such production. Like other agricultural products, the quality of cannabis grown outdoors is affected by weather and the environment, which can change the quality or size of the harvest. If a weather event is particularly severe, such as a major drought or hurricane, the affected harvest could be destroyed or damaged to an extent that results in lost revenues. In addition, other items may affect the marketability of cannabis grown outdoors, including, among other things, the presence of non-cannabis related material, genetically modified organisms and excess residues of pesticides, fungicides, and herbicides. High degrees of quality variance can affect processing velocity and capacity utilization, as the process required to potentially upgrade lower quality product requires significant time and resources. There can be no assurance that natural elements will not have a material adverse effect on the production of our products and ultimately our business, financial condition and operations.

Our operations are subject to various environmental and employee health and safety regulations.

Our operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air, and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. We incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to obtain an environmental compliance approval under applicable regulations or otherwise comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof, or other unanticipated events could require extensive changes to our operations or give rise to material liabilities, which could have a material adverse effect on our business, financial condition and operations.

We may not be able to protect our intellectual property.

Our success depends in part on our ability to protect our ideas and technology. Even if we move to protect our technology with trademarks, patents, copyrights or by other means, we are not assured that competitors will not develop similar technology and business methods or that we will be able to exercise our legal rights. Other countries may not protect intellectual property rights to the same standards as does Canada, particularly in the United States where cannabis remains federally illegal. Policing the unauthorized use of current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources such that said actions may have a materially adverse impact our ability to successfully grow our business. An adverse result in any litigation or defense proceedings could put one or more of the trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect our business, financial condition and operations.

We may experience breaches of security at our facilities or in respect of electronic documents and data storage and may face risks related to breaches of applicable privacy laws.

Given the nature of our product and its lack of legal availability outside of channels approved by the Government of Canada, as well as the concentration of inventory in our facilities, despite meeting or exceeding Health Canada's security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of our facilities could expose us to additional liability, potentially costly litigation, increased expenses relating to the resolution and future prevention of these breaches and may deter potential customers from choosing our products.

In addition, we collect and store personal information about our customers and are responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Data theft for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence, or through a deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on our business, reputation, financial condition and results of operations.

Furthermore, there are several federal and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the privacy rules under the *Personal Information Protection and Electronics Documents Act* (Canada) ("PIPEDA"), protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose. If we were found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the confidentiality of patient health information, we could be subject to sanctions and civil or criminal penalties, which could increase our liabilities, harm our reputation, and have a material adverse effect on our business, financial condition and operations.

We may be subject to risks related to our information technology systems, including cyber-attacks.

We have entered into agreements with third parties for hardware, software, telecommunications and other information technology services in connection with our operations. Our operations depend, in part, on how well we and our suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. Our operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems, depending on the nature of any such failure, could adversely impact our business, financial condition and operations.

Cyber-attacks could result in important remediation costs, increased cyber security costs, lost revenues due to a disruption of activities, litigation, and reputational harm affecting customer and investor confidence, which ultimately could materially adversely affect our business, financial condition and operations.

We have not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that we will not incur such losses in the future. Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

We may not be able to successfully identify and execute future acquisitions or dispositions, or to successfully manage the impacts of such transactions on our operations.

Over the past few years, we have completed a number of acquisitions, including our acquisitions of MedReleaf, CanniMed and Reliva. Material acquisitions, dispositions, and other strategic transactions involve a number of risks, including: (i) potential disruption of our ongoing business; (ii) distraction of management; (iii) increased financial leverage; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully, or at all, or may take longer to realize than expected; (v) increased scope and complexity of our operations; and (vi) loss or reduction of control over certain of our assets.

The presence of one or more material liabilities and/or commitments of an acquired company that are unknown to us at the time of acquisition could have a material adverse effect on our business, financial condition and operations. A strategic transaction may result in a significant change in the nature of our business, operations and strategy. In addition, we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our existing operations.

As a holding company, Aurora Cannabis Inc. is dependent on its operating subsidiaries to pay dividends and other obligations.

Aurora Cannabis Inc. is a holding company. Essentially all of our operating assets are the capital stock of the Company's subsidiaries and substantially all of our business is conducted through subsidiaries which are separate legal entities. Consequently, our cash flows and ability to pursue future business and expansion opportunities are dependent on the earnings of our subsidiaries and the distribution of those earnings to us. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us.

The price of our Common Shares has historically been volatile. This volatility may affect the value of your investment in Aurora, the price at which you could sell our Common Shares and the sale of substantial amounts of our Common Shares could adversely affect the price of our Common Shares and the value of your convertible debentures/notes.

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following:

- actual or anticipated fluctuations in the Company's results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the same industry in which the Company operates;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Common Shares;
- sales or perceived sales of additional Common Shares;
- operating and financial performance that varies significantly from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Company's industry, business and operations;
- announcements of developments and other material events by the Company or its competitors;
- fluctuations in the costs of vital production inputs, materials and services;
- changes in global financial markets, global economies and general market conditions, such as interest rates and product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Company; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values, or prospects of such companies. Such volatility has been particularly evident with regards to the share prices of medical cannabis companies that are public issuers in Canada. Accordingly, the market price of Common Shares may decline even if our operating results, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in share price and volume will not occur. If such increased levels of volatility and market turmoil continue, our operations could be adversely impacted, and the trading price of Common Shares may be materially adversely affected.

Future sales or issuances of equity securities could decrease the value of our Common Shares, dilute investors' voting power, and reduce our earnings per share.

We may sell or issue additional equity securities in subsequent offerings (including through the sale of securities convertible into equity securities and the issuance of equity securities in connection with acquisitions). We cannot predict the size of future issuances of equity securities or the size and terms of future issuances of debt instruments or other securities convertible into equity securities or the effect, if any, that future issuances and sales of our securities will have on the market price of our Common Shares.

Additional issuances of our securities may involve the issuance of a significant number of Common Shares at prices less than the current market prices. Issuances of a substantial number of Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices of our Common Shares. Any transaction involving the issuance of previously authorized but unissued Common Shares, or securities convertible into Common Shares, may result in significant dilution to security holders.

Sales of substantial amounts of our securities by us or our existing shareholders, or the availability of such securities for sale, could adversely affect the prevailing market prices for our securities and dilute investors' earnings per share. Exercises of presently outstanding share options or warrants may also result in dilution to security holders. A decline in the market prices of our securities could impair our ability to raise additional or sufficient capital through the sale of securities should we desire to do so.

Our management will have substantial discretion concerning the use of proceeds from future share sales and financing transactions.

Our management will have substantial discretion concerning the use of proceeds from any future share sales and financing transactions, as well as the timing of the expenditure of the proceeds thereof. As a result, investors will be relying on the judgment of management as to the specific application of the proceeds of any future sales. Management may use the net proceeds in ways that an investor may not consider desirable. The results and effectiveness of the application of the net proceeds are uncertain.

The regulated nature of our business may impede or discourage a takeover, which could reduce the market price of our Common Shares and the value of any outstanding convertible debentures/notes.

We require and hold various government licenses to operate our business, which would not necessarily continue to apply to an acquirer of our business following a change of control. These licensing requirements could impede a merger, amalgamation, takeover, or other business combination involving us or discourage a potential acquirer from making a tender offer for our Common Shares, which, under certain circumstances, could reduce the market price of our Common Shares.

There is no assurance we will continue to meet the listing standards of the NYSE and the TSX.

We must meet continuing listing standards to maintain the listing of our Common Shares on the NYSE and the TSX. If we fail to comply with listing standards and the NYSE and/or the TSX delists our Common Shares, we and our shareholders could face significant material adverse consequences, including:

- a limited availability of market quotations for our Common Shares;
- reduced liquidity for our Common Shares;
- a determination that our Common Shares are "penny stock", which would require brokers trading in our Common Shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our Common Shares;
- a limited amount of news and analyst coverage of us; and
- a decreased ability for us to issue additional equity securities or obtain additional equity or debt financing in the future.

As a public company, the business is subject to evolving corporate governance and public disclosure regulations that may from time to time increase both the Company's compliance costs and the risk of non-compliance, which could adversely impact the price of the Common Shares.

Failure to develop and maintain an effective system of internal controls increases the risk that we may not be able to accurately and reliably report our financial results or prevent fraud, which may harm our business, the trading price of our Common Shares and market value of other securities.

Under Section 404 of the Sarbanes-Oxley Act ("SOX"), we are required to design, document and test the effectiveness of our internal controls over financial reporting ("ICFR") during the fiscal year ended June 30, 2020. ICFR are designed to provide reasonable assurance that the Company's financial reporting is reliable and that its financial statements have been prepared in accordance with IFRS. Regardless of how well controls are designed, internal controls have inherent limitations and can only provide reasonable assurance that the controls are meeting the Company's objectives in providing reliable financial reporting information in accordance with IFRS. Effective internal controls are required for us to provide reasonable assurance that our financial results and other financial information are accurate and reliable. Any failure to design, develop or maintain effective controls, or difficulties encountered in implementing, improving or remediation lapses in internal controls may affect our ability to prevent fraud, detect material misstatements, and fulfill our reporting obligations. As a result, investors may lose confidence in our ability to report timely, accurate and reliable financial and other information, which may expose us to certain legal or regulatory actions, thus negatively impacting our business, the trading process of our Common Shares and market value of other securities.

The Company is a Canadian company and shareholder protections may differ from shareholder protections in the United States and elsewhere.

We are organized and exist under the laws of British Columbia, Canada and, accordingly, are governed by the BCBCA. The BCBCA differs in certain material respects from laws generally applicable to United States corporations and shareholders, including the provisions and proceedings

relating to interested directors, mergers, amalgamations, restructuring, takeovers, shareholders' suits, indemnification of directors, and inspection of corporation records.

The Company is a foreign private issuer within the meaning of the rules under the U.S. Exchange Act, and as such is exempt from certain provisions applicable to United States domestic issuers.

Because we are a "foreign private issuer" under the U.S. Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the U.S. Exchange Act requiring the filing of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC;
- the sections of the U.S. Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of securities registered under the U.S. Exchange Act;
- the sections of the U.S. Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material non-public information under Regulation FD.

We are required to file an annual report on Form 40-F with the United States Securities and Exchange Commission ("SEC") within three months of the end of each fiscal year. We do not intend to voluntarily file annual reports on Form 10-K and quarterly reports on Form 10-Q in lieu of Form 40-F requirements. For so long as we choose to only comply with foreign private issuer requirements, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information which would be made available to you if you were investing in a U.S. domestic issuer.

Our employees and counterparties may be subject to potential U.S. entry restrictions as a result of their relationship with us.

A foreign visitor who is involved either directly or indirectly in the cannabis industry may be subject to increased border scrutiny when attempting to enter the United States. Multiple states have legalized aspects of cannabis production, sale and consumption; however, cannabis remains illegal federally in the United States. The U.S. Customs and Border Protection previously advised that border agents may deem a foreign visitor who is involved, either directly or indirectly, in a state-legal cannabis industry as inadmissible. While unassociated trips to the United States may not result in problems entering the U.S., a foreign visitor attempting to enter the U.S. to proliferate cannabis-associated business may be deemed inadmissible, at the discretion of the border agents. As a company with operations in both the U.S. and Canada, inability of our employees or counterparties to enter the United States could harm our ability to conduct our business.

Participants in the cannabis industry may have difficulty accessing the service of banks and financial institutions, which may make it difficult for us to operate.

Because cannabis remains illegal federally in the United States, U.S. banks and financial institutions remain wary of accepting funds from businesses in the cannabis industry, as such funds may technically be considered proceeds of crime. Consequently, businesses involved in the cannabis industry continue to have trouble establishing banking infrastructure and relationships. The inability or limitation on our ability to open or maintain a bank account in the U.S. or other foreign jurisdictions, obtain other banking services and/or accept credit card and debit card payments may make it difficult to operate and conduct business in the United States or other foreign jurisdictions.

Our business may be subject to disruptions as a result of the COVID-19 pandemic.

We are closely monitoring the rapid evolution of COVID-19 with a focus on the jurisdictions in which the Company and its subsidiaries operate. During this period of uncertainty, it is our priority to safeguard the health and safety of our personnel, support and enforce government actions to slow the spread of COVID-19, and continually assess and mitigate the risks to our business operations. We have taken responsible measures to maximize the safety of staff working at all of its facilities. This includes reorganizing physical layouts, adjusting schedules to improve physical distancing, implementing extra health screening measures for employees and applying rigorous standards for personal protective equipment. The Company continues to maintain regular communications with legal and government representatives, suppliers, customers and business partners to identify and monitor any potential risks to our ongoing operations. As at the date of this AIF, the production and sale of cannabis has been recognized as an essential service across Canada and Europe. Consumer cannabis sales in Canada are primarily with government bodies, which continue to offer end customers online ordering and home delivery options. Consumer market retail stores are generally permitted to remain open in Canada subject to adhering to the required social distancing measures. All of our facilities in Canada and internationally continue to be operational and we continue to work closely with local, national and international governmental authorities to ensure that we are following the required protocols and guidelines related to COVID-19 within each region. Although there have not been any significant impacts to our operations to date, we cannot provide assurance that there will not be disruptions to its operations in the future.

Reliva's operations in the United States may be impacted by regulatory action and approvals from the Food and Drug Administration.

Reliva sells and distributes certain products containing hemp-derived CBD, and as such, there is a risk that the FDA or state or local Departments of Health will seek to stop Reliva from selling its products or seek to have the claims made for those products revised. On December 20, 2018, the *Agricultural Improvement Act, H.R. 25* ("**2018 Farm Bill**"), which included the language of the Hemp Farming Act of 2018, removed industrial hemp and hemp-derived products with a THC concentration of not more than 0.3 percent (dry weight basis) from Schedule I of the *Controlled Substances Act*. This has the effect of legalizing the cultivation of industrial hemp for commercial purposes, including the production of CBD and other cannabinoids, except for THC, subject to regulations to be developed by the U.S. Department of Agriculture.

CBD is increasingly used as an ingredient in food and beverages, as an ingredient in dietary supplements and as an ingredient in cosmetics, thereby generating new investments and creating employment in the cultivation and processing of hemp and hemp-derived products. Foods and beverages, dietary supplements, pharmaceuticals, and cosmetics containing CBD are all subject to regulation under the *Federal Food, Drug and*

Cosmetics Act ("**FDCA**"). The FDA has asserted that CBD is not a lawful ingredient in foods and beverages, supplements and pharmaceuticals (unless FDA-approved), although the FDA has generally refrained from taking enforcement action against those products.

CBD-containing products may also be subject to the jurisdiction of state and local health authorities. In recent years, the FDA has issued letters to a number of companies selling products that contain CBD oil derived from hemp, warning them that the marketing of their products violates the FDCA. Although the Company, through Reliva, works to maintain compliance with all applicable regulatory requirements, any potential FDA enforcement action against the Company or Reliva could result in a number of negative consequences, including fines, disgorgement of profits, recalls or seizures of products, or a partial or total suspension of the Company's or Reliva's production or distribution of its products. Any such event could have a material adverse effect on our business, financial condition or operations.

Internal Controls over Financial Reporting

Disclosure Controls and Procedures

As required by National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings and Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), as amended, we have evaluated, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Annual Report. Disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the CSA and SEC.

Based upon the evaluation, our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have concluded that our disclosure controls and procedures were not effective as of June 30, 2020 at the reasonable assurance level due to the material weaknesses described below under "Management's Assessment on Internal Control Over Financial Reporting." As a result of material weaknesses identified, we performed additional analysis and other post-closing procedures. Notwithstanding these material weaknesses, management has concluded that the consolidated financial statements included in this Annual Report present fairly, in all material respects, the financial position of the Company at June 30, 2020 in conformity with GAAP and our external auditors have issued an unqualified opinion on our consolidated financial statements as of and for the year ended June 30, 2020.

Material Changes to the Control Environment and Other Matters

The Company underwent a series of significant changes over the course of the fiscal period 2020 (July 2019 to June 2020), particularly in Q3 and Q4 of the fiscal period. Management has identified changes that materially affected or are reasonably likely to continue to materially affect the Company's Internal Controls over Financial Reporting ("ICFR"). We have identified material weaknesses in our ICFR, discussed in "Management's Assessment on Internal Control over Financial Reporting" below.

Transformation Initiatives

During the period, the Company announced a major Business Transformation Plan in February 2020, that resulted in significant rationalization efforts across the business to reduce costs, including reduction of headcount in both Q3 and Q4 of 2020. This transformation also resulted in the deferral of numerous enterprise IT projects, including the full implementation of an Enterprise Resource Planning ("ERP") system and decommissioning of legacy systems across Aurora's facilities and subsidiaries. These changes subsequently impacted business-level processes and controls, including both automated system-controls and manual controls and the ability of Aurora to rely on system-based controls for the provision of assurance. It also resulted in the change of process and control owners throughout the fiscal year.

Medical Sales Amalgamation

During the period, the Company undertook an initiative to amalgamate product supply chains, point-of-sale systems and medical patient services to enhance the patient experience and available product offerings. This medical sales amalgamation required significant changes to business processes and corresponding key controls in Q3-Q4 of FY2020. The Company completed the amalgamation in September 2020 and anticipates stabilization of associated business processes and internal controls in early FY2021.

Complex IT Environment

Through rapid growth via acquisition over the past few years, the Company has a significant number of IT systems, platforms and applications with varying levels of maturity, automation and control efficacy. This includes legacy systems intended for decommissioning during FY2020 that were subsequently maintained for an extended period into Q4 and past year-end due to the timing of Company's Business Transformation Plan and the related deferral of certain IT projects, described above.

Management's Assessment on Internal Control over Financial Reporting

In accordance with National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings and as required by Rule 13a-15(f) and 15d-5(f) of the Securities Exchange Act of 1934 (the "Exchange Act"), as amended, management is responsible for establishing and maintaining adequate ICFR. The Company's management, including the CEO and CFO, has designed ICFR based on the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Framework") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.

ICFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. ICFR has inherent limitations. ICFR is a process

that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. ICFR also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements will not be prevented or detected on a timely basis by ICFR. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Management, under the supervision and with the participation of our CEO and CFO and oversight of the Board of Directors evaluated the effectiveness of our ICFR as of June 30, 2020 against the COSO Framework. Based on this evaluation, management concluded that material weaknesses existed as of June 30, 2020, as described below, and due to these material weaknesses, ICFR is not effective as of June 30, 2020.

The Company experienced significant and rapid change during the year as a result of our Business Transformation Plan launched in February 2020. The Company's continuous risk assessment process was not effective in responding to the rapid rate of change in processes, personnel and control ownership, and the Company did not have sufficient resources available to adequately assess risk and implement controls in the requisite timeframe. The pervasive nature of this deficiency contributed to the other material weaknesses below.

- **IT General Controls:** The Company had a combination of pervading control deficiencies within its information technology (IT) general and application controls across systems supporting the Company's in-scope business processes, including access controls related to maintaining appropriate segregation of duties, monitoring control activities when involving third party service providers, and super-user access. We have concluded that process-level automated controls and manual controls that were dependent upon IT general controls, information and data derived from impacted IT systems were ineffective because they could have been adversely impacted.
- **Third-Party Service Organization Controls:** The Company did not sufficiently evaluate controls maintained by Service Organizations through the timely receipt and evaluation of the Service Organization Control (SOC-1) reports, attesting to the design and effectiveness of the Service Organizations IT controls, due to the timing of the Company's fiscal year end and the date of attestation of such reports. As a result, the Company did not have evidence of the design and operating effectiveness of automated transaction-level controls or information produced by third-party systems that are relied upon in the related procure-to-pay, hire-to-pay and medical order-to-cash cycles.
- **Complex Spreadsheet Controls:** The Company did not implement and maintain effective controls surrounding certain complex spreadsheets. Spreadsheets are inherently prone to error due to their manual nature and increased risk of human error. The Company's controls related to complex spreadsheets did not address all identified risks associated with manual data entry, completeness of data entry, and the accuracy of mathematical formulas, impacting complex spreadsheets used in fixed asset continuity schedules, production and revenue forecasting, and the calculation of the fair value of biological assets.
- **Journal Entries:** The Company did not effectively design and maintain appropriate segregation of duties and controls over the effective preparation, review and approval, and associated documentation of journal entries, across its three significant ERP platforms.

Management concluded these deficiencies constitute material weaknesses in the Company's ICFR. As a result of the material weaknesses, management concluded that our ICFR was not effective as of June 30, 2020. No material errors were identified in the preliminary consolidated financial statements as a result of the material weaknesses. These material weaknesses create a reasonable possibility that material misstatements in interim or annual financial statements would not be prevented or detected on a timely basis.

Aurora has limited the scope of its evaluation of disclosure controls and procedures and ICFR to exclude controls, policies, and procedures over entities were acquired by the Company not more than 365 days before the end of the financial period. The only entity controlled by Aurora but that was scoped out of the evaluation of disclosure controls and procedures and ICFR was Reliva (acquired May 28, 2020). Excluding goodwill and intangible assets, Reliva constitutes approximately 0.7% of the Company's current assets, 0.2% of total assets, 0.4% of current liabilities, 0.2% of total liabilities, as well as 0.2% of net revenue and 0% of net loss as at and for the year ended June 30, 2020.

KPMG LLP, an independent registered public accounting firm, has audited the Company's consolidated financial statements and has issued an adverse report on the effectiveness of Internal Control over Financial Reporting.

Remediation of Material Weakness in ICFR

Management, with oversight from the Audit Committee, has initiated, and will continue to implement, remediation measures related to analyzing changes in the business and assessing key controls that are responsive to those changes. Remediation of key controls related to access, monitoring, segregation of duties, and manual controls to address gaps in assurance over third-party controls are expected to be completed in FY2021. Additionally, management will provide more comprehensive and timely training to ensure process owners and control operators have robust understanding of their responsibilities and the documentation requirements in advance of the control operation.

As it relates to the IT environment, the Company has been and will be continuing to work internally and with third party specialists to effectively remediate the impacted processes and associated systems controls. The Company will be decommissioning numerous legacy systems with ineffective controls as part of the Company's business transformation plan.

We believe these measures, and others that may be implemented, will remediate the material weaknesses in ICFR described above.

Cautionary Statement Regarding Forward-Looking Statements

This MD&A contains certain statements which may constitute "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities law requirements (collectively, "forward-looking statements" or "FLS"). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these FLS, except as required under applicable securities legislation. FLS relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events. In certain cases, FLS can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may",

"future", "expected", "intends" and "estimates". By their very nature FLS involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the FLS. The Company provides no assurance that FLS will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on FLS. Certain FLS in this MD&A include, but are not limited to the following:

- pro forma measures including revenue, expected SG&A run-rates, and grams produced;
- the completion of construction of production facilities, associated costs, and receipt of licenses from Health Canada to produce and sell cannabis and cannabis related products from these facilities;
- strategic investments and capital expenditures, and related benefits;
- future strategic plans;
- expectations regarding production capacity, costs and yields;
- product sales expectations and corresponding forecasted increases in revenues; and
- the impact of the COVID-19 pandemic on the Company's business, operations, capital resources and/or financial results.

The above and other aspects of the Company's anticipated future operations are forward-looking in nature and, as a result, are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these FLS are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Such FLS are estimates reflecting the Company's best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements. These risks include, but are not limited to, the ability to retain key personnel, the ability to continue investing in infrastructure to support growth, the ability to obtain financing on acceptable terms, the continued quality of our products, customer experience and retention, the development of third party government and non-government consumer sales channels, management's estimates of consumer demand in Canada and in jurisdictions where the Company exports, expectations of future results and expenses, the availability of additional capital to complete construction projects and facilities improvements, the risk of successful integration of acquired business and operations, management's estimation that SG&A will grow only in proportion of revenue growth, the ability to expand and maintain distribution capabilities, the impact of competition, the general impact of financial market conditions, the yield from marijuana growing operations, product demand, changes in prices of required commodities, competition, and the possibility for changes in laws, rules, and regulations in the industry, epidemics, pandemics or other public health crises, including the current outbreak of COVID-19, the "*Risk Factors*" section of the MD&A, as well as updates provided herein. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such information. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

Should one or more of these risks or uncertainties materialize, or should underlying factors or assumptions prove incorrect, actual results may vary materially from those described in forward looking statements. Material factors or assumptions involved in developing forward-looking statements include, without limitation, publicly available information from governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable.

Although the Company believes that the expectations conveyed by the forward-looking statements are reasonable based on the information available to the Company on the date hereof, no assurance can be given as to future results, approvals or achievements. Forward-looking statements contained in this MD&A and in the documents incorporated by reference herein are expressly qualified by this cautionary statement. The Company disclaims any duty to update any of the forward-looking statements after the date of this MD&A except as otherwise required by applicable law.

Cautionary Statement Regarding Certain Non-GAAP Performance Measures

This MD&A contains certain financial performance measures that are not recognized or defined under IFRS (termed "Non-GAAP Measures"). As a result, this data may not be comparable to data presented by other licensed producers of cannabis and cannabis companies. For an explanation of these measures to related comparable financial information presented in the consolidated financial statements prepared in accordance with IFRS, refer to the discussion below. The Company believes that these Non-GAAP Measures are useful indicators of operating performance and are specifically used by management to assess the financial and operational performance of the Company. These Non-GAAP Measures include, but are not limited, to the following:

- Cash cost of sales of dried cannabis sold is calculated by taking the cost of sales, excluding the effect of changes in the FV of biological assets and inventory, and deducting non-cash production costs, cannabis extract conversion costs, cost of accessories, cost of products purchased from other Licensed Producers that were sold, cost of sales from non-cannabis producing subsidiaries, and inventory impairment. Cash cost of sales per gram of dried cannabis sold is calculated by taking cash cost of sales of dried cannabis sold divided by total grams of dried cannabis sold in the period that was produced by Aurora. Management believes these measures provide useful information about the efficiency of production and fulfillment for our core cannabis operations.
- Cash cost to produce dried cannabis sold is equal to cash cost of sales of dried cannabis sold less packaging costs (i.e. post-production costs). Cash cost to produce per gram of dried cannabis sold is calculated by taking cash cost to produce dried cannabis sold divided by total grams of dried cannabis sold in the period that was produced by Aurora. Management believes these measures provide useful information about the efficiency of our production of cannabis.
- Cannabis net revenue represents revenue from the sale of cannabis products, excluding excise taxes and revenues from patient counseling services, design, engineering and construction services, sale of hemp products, and analytical testing services. Cannabis net revenue is further broken down as follows:
    - Medical cannabis net revenue represents Canadian and international cannabis net revenue for medical cannabis sales only, excluding wholesale bulk cannabis net revenue.
    - Consumer cannabis net revenue represents cannabis net revenue for consumer cannabis sales only.

- Wholesale bulk cannabis net revenue represents cannabis net revenue for wholesale bulk cannabis only.

Management believes the cannabis net revenue measures provide more specific information about the net revenue purely generated from our core cannabis business and by market type.

- Average net selling price per gram and gram equivalent is calculated by taking cannabis net revenue divided by total grams and grams equivalent of cannabis sold in the period. Average net selling price per gram and gram equivalent is further broken down as follows:
  - Average net selling price per gram of dried cannabis represents the average net selling price per gram for dried cannabis sales only, excluding wholesale bulk cannabis sold in the period.
  - Average net selling price per gram equivalent of cannabis extracts represents the average net selling price per gram equivalent for cannabis extracts only, excluding wholesale bulk cannabis extracts sold in the period.
  - Average net selling price per gram and gram equivalent of medical cannabis represents the average net selling price per gram and gram equivalent for dried cannabis and cannabis extracts sold in the medical market.
  - Average net selling price per gram and gram equivalent of consumer cannabis represents the average net selling price per gram and gram equivalent for dried cannabis and cannabis extracts sold in the consumer market.
  - Average net selling price per gram and gram equivalent of wholesale bulk cannabis represents the average net selling price per gram and gram equivalent of wholesale bulk cannabis and cannabis extracts sold in the period. Wholesale bulk cannabis sales are not subject to excise taxes.

  Management believes the average net selling price per gram or gram equivalent measures provide more specific information about the pricing trends over time by product and market type.
- Gross profit before FV adjustments on cannabis net revenue is calculated by subtracting (i) cost of sales, before the effects of changes in FV of biological assets and inventory, and (ii) cost of sales from non-cannabis auxiliary support functions, from total cannabis net revenue. Gross margin before FV adjustments on cannabis net revenue is calculated by dividing gross profit before FV adjustments on cannabis net revenue divided by cannabis net revenue.

  Management believes that these measures provide useful information to assess the profitability of our cannabis operations as it excludes the effects of non-cash FV adjustments on inventory and biological assets, which are required by IFRS.
- Adjusted gross profit before FV adjustments on cannabis net revenue represents cash gross profit and gross margin on cannabis net revenue and is calculated by subtracting from total cannabis net revenue (i) cost of sales, before the effects of changes in FV of biological assets and inventory; (ii) cost of sales from non-cannabis auxiliary support functions; and removing (iii) depreciation in cost of sales; and (iv) cannabis inventory impairment. Adjusted gross margin before FV adjustments on cannabis net revenue is calculated by dividing adjusted gross profit before FV adjustments on cannabis net revenue divided by cannabis net revenue. Adjusted gross profit and gross margin before FV adjustments on cannabis net revenue is further broken down as follows:
  - Adjusted gross profit and gross margin before FV adjustments on medical cannabis net revenue represents adjusted gross profit and gross margin before FV adjustments on sales generated in the medical market only.
  - Adjusted gross profit and gross margin before FV adjustments on consumer cannabis net revenue represents adjusted gross profit and gross margin before FV adjustments on sales generated in the consumer market only.
  - Adjusted gross profit and gross margin before FV adjustments on wholesale bulk cannabis net revenue represents adjusted gross profit and gross margin before FV adjustments on sales generated from wholesale bulk cannabis only.

  Management believes that these measures provide useful information to assess the profitability of our cannabis operations as it represents the cash gross profit and margin generated from cannabis operations and excludes the effects of non-cash FV adjustments on inventory and biological assets, which are required by IFRS.
- Adjusted EBITDA is calculated as net (loss) income excluding interest income (expense), accretion, income taxes, depreciation, amortization, changes in fair value of inventory sold, changes in fair value of biological assets, share-based compensation, acquisition costs, foreign exchange, changes in fair value of financial instruments, gains and losses on deemed disposal, and non-cash impairment of intangibles, goodwill, inventory, property, plant and equipment and other assets. Adjusted EBITDA is intended to provide a proxy for the Company's operating cash flow and is widely used by industry analysts to compare Aurora to its competitors, and derive expectations of future financial performance for Aurora. Adjusted EBITDA increases comparability between comparative companies by eliminating variability resulting from differences in capital structures, management decisions related to resource allocation, and the impact of FV adjustments on biological assets and inventory and financial instruments, which may be volatile and fluctuate significantly from period to period.

Non-GAAP measures should be considered together with other data prepared accordance with IFRS to enable investors to evaluate the Company's operating results, underlying performance and prospects in a manner similar to Aurora's management. Accordingly, these non-GAAP measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

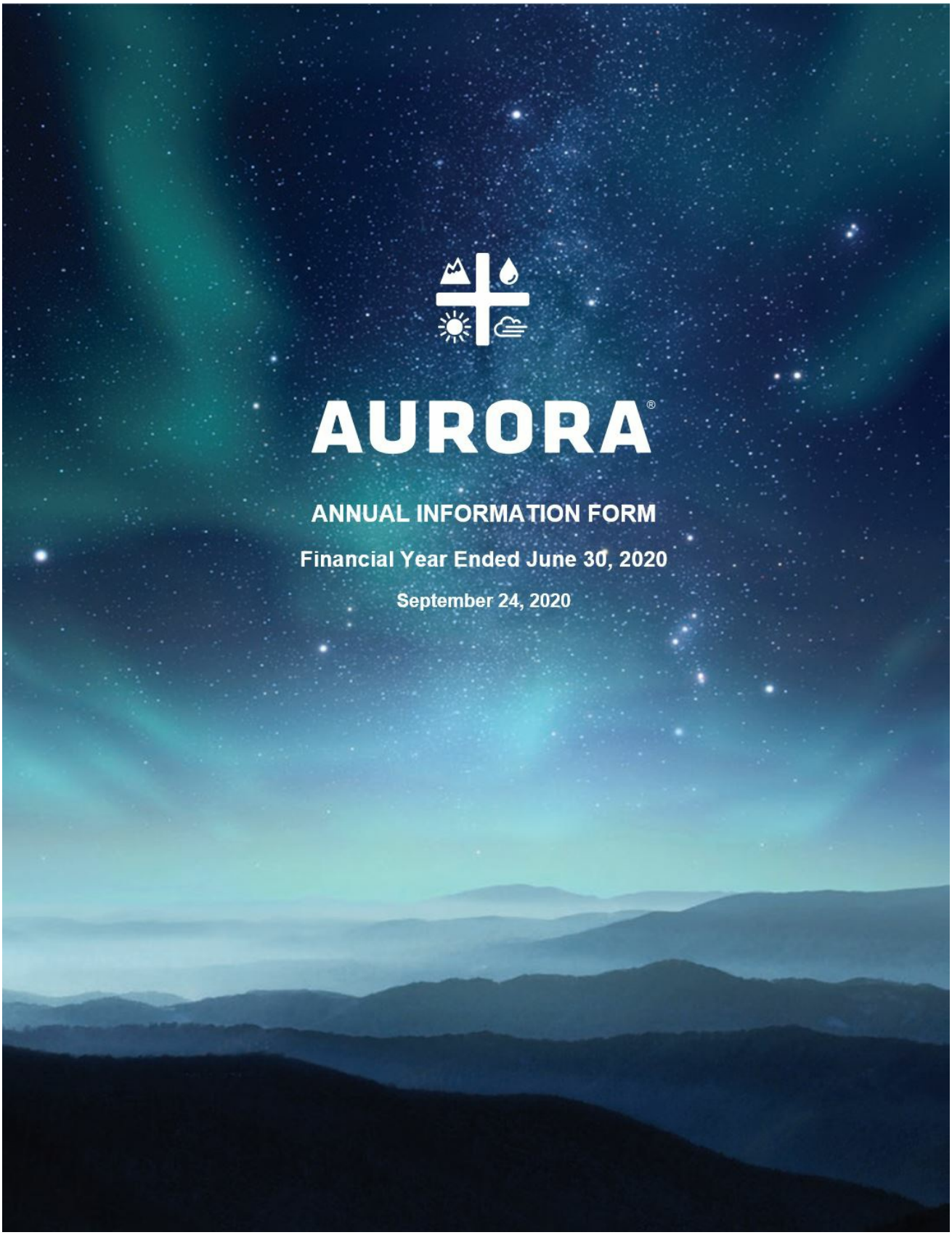

AURORA®
ANNUAL INFORMATION FORM
Financial Year Ended June 30, 2020
September 24, 2020

TABLE OF CONTENTS

ANNUAL INFORMATION FORM **3**

FORWARD-LOOKING STATEMENTS **3**

CORPORATE STRUCTURE **6**

NAME, ADDRESS AND INCORPORATION 6
INTERCORPORATE RELATIONSHIPS 7

GENERAL DEVELOPMENT OF THE BUSINESS **7**

THREE-YEAR HISTORY 7

DESCRIPTION OF THE BUSINESS **15**
GENERAL 15
RISK FACTORS 28

DIVIDENDS AND DISTRIBUTIONS **44**

DESCRIPTION OF CAPITAL STRUCTURE **44**

MARKET FOR SECURITIES **46**

ESCROWED SECURITIES **49**

DIRECTORS AND OFFICERS **49**

NAME, OCCUPATION AND SECURITY HOLDING 49
CONFLICTS OF INTEREST 53

LEGAL PROCEEDINGS **53**

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS **54**

TRANSFER AGENT AND REGISTRARS **54**

MATERIAL CONTRACTS **54**

INTEREST OF EXPERTS **55**

NAME OF EXPERTS 55
INTERESTS OF EXPERTS 55

AUDIT COMMITTEE **56**

COMPOSITION OF THE AUDIT COMMITTEE 56
AUDIT COMMITTEE CHARTER 57
AUDIT COMMITTEE OVERSIGHT 57
RELIANCE ON CERTAIN EXEMPTIONS 57
PRE-APPROVAL POLICIES AND PROCEDURES 57
EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY) 57

ADDITIONAL INFORMATION **58**

SCHEDULE "A" AUDIT COMMITTEE CHARTER **59**

ANNUAL INFORMATION FORM

In this Annual Information Form, unless otherwise noted or the context indicates otherwise, the "Company", "Aurora", "we", "us" and "our" refer to Aurora Cannabis Inc. and its subsidiaries.

All financial information in this Annual Information Form is prepared in Canadian dollars, unless otherwise indicated, and using International Financial Reporting Standards as issued by the International Accounting Standards Board. The information contained herein is dated as of September 24, 2020, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

This Annual Information Form contains certain statements which may constitute "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities law requirements (collectively, "**forward-looking statements**"). These forward-looking statements are made as of the date of this Annual Information Form and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Forward-looking statements in this Annual Information Form include, but are not limited to, statements with respect to:

- pro forma measures including revenue, expected SG&A run-rates, and grams produced;
- the completion of construction of production facilities, associated costs and receipt of licenses from Health Canada to produce and sell cannabis and cannabis related products from these facilities;
- strategic investments and capital expenditures, and related benefits;
- future strategic plans;
- growth in the global consumer use cannabis market;
- expectations regarding production capacity, costs and yields;
- product sales expectations and corresponding forecasted increases in revenues; and
- the impact of the COVID-19 pandemic on the Company's business, operations, capital resources and/or financial results.

The above and other aspects of the Company's anticipated future operations are forward-looking in nature and, as a result, are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Such forward-looking statements are estimates reflecting the Company's best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect

the accuracy of such forward-looking statements. These risks include, but are not limited to the ability to retain key personnel, the ability to continue investing in infrastructure to support growth, the ability to obtain financing on acceptable terms, the continued quality of our products, customer experience and retention, the development of third party government and non-government consumer sales channels, management's estimates of consumer demand in Canada and in jurisdictions where the Company exports, expectations of future results and expenses, the availability of additional capital to complete construction projects and facilities improvements, the risk of successful integration of acquired business and operations, management's estimation that SG&A will grow only in proportion of revenue growth, the ability to expand and maintain distribution capabilities, the impact of competition, the general impact of financial market conditions, the yield from cannabis growing operations, product demand, changes in prices of required commodities, competition, and the possibility for changes in laws, rules, and regulations in the industry, epidemics, pandemics or other public health crises, including the current outbreak of COVID-19, and other risks as set out under "Risk Factors" contained herein. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such information. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

Should one or more of these risks or uncertainties materialize, or should underlying factors or assumptions prove incorrect, actual results may vary materially from those described in forward looking statements. Material factors or assumptions involved in developing forward-looking statements include, without limitation, publicly available information from governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable.

Although the Company believes that the expectations conveyed by the forward-looking statements are reasonable based on the information available to the Company on the date hereof, no assurance can be given as to future results, approvals or achievements. Forward-looking statements contained in this Annual Information Form and in the documents incorporated by reference herein are expressly qualified by this cautionary statement. The Company disclaims any duty to update any of the forward-looking statements after the date of this Annual Information form except as otherwise required by applicable law.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Annual Information Form.

"**ABCA**" means *Business Corporations Act* (Alberta);

"**ACE**" means Aurora Cannabis Enterprises Inc. a wholly owned subsidiary and license-holder;

"**ACMPR**" means *Access to Cannabis for Medical Purposes Regulations* ;

"**AIF**" or "**Annual Information Form**" means this annual information form of the Company dated September 24, 2020 for the year ended June 30, 2020;

"**Anandia**" means Anandia Laboratories Inc., a wholly owned subsidiary of the Company;

"**Aurora**" or the "**Company**" means Aurora Cannabis Inc.;

"**Aurora Deutschland**" means Aurora Deutschland GmbH (formerly Pedanios GmbH), a wholly owned subsidiary of the Company;

"**Aurora Eau**" means the production facility located in Lachute, Quebec, scheduled for closure;

"**Aurora Mountain**" means the Company's production facility in Mountain View County near Cremona, Alberta, scheduled for closure;

"**Aurora Nordic**" means Aurora Nordic Cannabis A/S, an entity that the Company currently owns 51% of and has entered into an agreement to acquire the remaining 49% interest;

"**Aurora Nordic 1**" means Aurora' Nordic's 100,000 square foot production facility located in Odense, Denmark;

"**Aurora Polaris**" means the 300,000 square foot expansion at the Edmonton International Airport that is under construction;

"**Aurora Prairie**" means the Company's production facility located in Saskatoon, Saskatchewan, scheduled for closure;

"**Aurora Ridge**" means the Company's 55,000 square foot production facility located in in Markham, Ontario, scheduled for closure;

"**Aurora River**" means the Company's 210,000 square foot indoor production facility located in Bradford, Ontario;

"**Aurora Sky**" means the Company's production facility located in Nisku, Alberta, at the Edmonton International Airport;

"**Aurora Sun**" means the Company's production facility that is partially constructed and construction of which is currently on pause, located in Medicine Hat, Alberta;

"**Aurora USA**" means Aurora USA Holdings Ltd., a company incorporated under the laws of Delaware, and the U.S. holding company that owns Reliva;

"**Aurora Vie**" means the Company's 40,000 square foot production facility located in Pointe-Claire, Quebec, scheduled for closure;

"**BCBCA**" means the *Business Corporations Act* (British Columbia);

"**Board**" means the Board of Directors of the Company;

"**Cannabis Act**" means the *Cannabis Act* (S.C. 2018, c. 16), which came into effect on October 17, 2018, as amended on October 17, 2019, in respect of the regulation of the consumer use of cannabis nationwide in Canada;

"**CanniMed**" means CanniMed Therapeutics Inc., a former wholly owned subsidiary of the Company which amalgamated with ACE on July 1, 2020;

"**CanvasRx**" means CanvasRx Inc., a wholly owned subsidiary of the Company;

"**CBD**" means cannabidiol, an active ingredient and one of the primary cannabinoids derived from cannabis plants;

"**Common Shares**" means common shares in the capital of the Company;

"**EU GMP**" mean European Union Good Manufacturing Practice;

"**FDA**" means the Food and Drug Administration, the federal agency of the United States Department of Health and Human Services responsible for protecting and promoting public health through the control and supervision

of, among other things, food safety, dietary supplements, prescription and over-the-counter pharmaceutical drugs and cosmetics;

"**Form 51-102F4**" means a Business Acquisition Report filed pursuant to a significant acquisition as required under Part 8 of NI 51-102;

"**Health Canada**" is the Canadian Ministry of Health for Canada having regulatory oversight over and administration of the Cannabis Act and, formerly, the ACMPR;

"**Hempco**" means Hempco Food and Fiber Inc., a wholly owned subsidiary of the Company;

"**ICC**" means ICC Labs Inc., a wholly owned subsidiary of the Company;

"**KPMG**" means KPMG LLP, the Company's auditors;

"**Licensed Producer**" means an entity that holds all valid licenses in the jurisdiction it operates to cultivate cannabis;

"**MedReleaf**" means MedReleaf Corp., a former wholly owned subsidiary of the Company which amalgamated to form ACE on July 1, 2020;

"**NI 51-102**" means National Instrument 51-102;

"**NI 52-110**" means National Instrument 52-110;

"**NYSE**" means the New York Stock Exchange;

"**Reliva**" means Reliva, LLC, a wholly owned subsidiary of the Company;

"**TSX**" means the Toronto Stock Exchange;

"**U.S.**" or "**United States**" means United States of America;

"**VWAP**" means volume weighted average price; and

"**Whistler**" means Whistler Medical Marijuana Inc., a wholly owned subsidiary of the Company.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated under the BCBCA on December 21, 2006. Effective October 2, 2014, the Company changed its name to Aurora Cannabis Inc.

The head office of Aurora is located at 4818 31 Street East, Edmonton International Airport, Alberta, Canada, T9E 0V6. The registered office of Aurora is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

The Common Shares are listed on the TSX and NYSE under the trading symbol "ACB" and on the Frankfurt Stock Exchange under the symbol "21P". Aurora is a reporting issuer in all of the Provinces of Canada and is reporting in the U.S. under the Securities Act of 1933.

On May 11, 2020, the Company completed a one-for-twelve (1:12) reverse share split of all of its issued and outstanding Common Shares (the "**Share Consolidation**"), resulting in a reduction in the issued and

outstanding Common Shares from 1,321,072,394 to 110,089,377. Common Shares reserved under the Company's equity and incentive plans were adjusted to reflect the Share Consolidation. **All Common Share and per share data presented in this AIF have been retroactively adjusted to reflect the Share Consolidation unless otherwise noted.**

Intercorporate Relationships

As of the date of this AIF, the Company operates its businesses through the following material wholly owned subsidiaries:

- Aurora Cannabis Enterprises Inc., a holder of licenses under the *Cannabis Act*, which was formed under the Business Corporations Act (Alberta) on July 1, 2020 through the amalgamation of MedReleaf, CanniMed, CanniMed Ltd., Prairie Plant Systems Ltd. and the former Aurora Cannabis Enterprises Inc.
- 1769474 Alberta Ltd., a holding company and the entity that leases the lands for some of our production facilities, which was incorporated under the ABCA on August 20, 2013.
- 2105657 Alberta Inc., a holding company and the entity that is holding land for the construction for the Aurora Sun production facility, which was incorporated under the ABCA on March 15, 2018.
- Aurora Deutschland GmbH, a limited liability company under German law, which is a registered wholesale importer, exporter and distributor of medical cannabis in Germany and which we acquired on May 30, 2017.
- Whistler, a company incorporated under the BCBCA which holds the Whistler Facility and the Pemberton Facility, and which we acquired on March 1, 2019.
- Reliva LLC, a Delaware corporation, which we acquired on May 28, 2020.

GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

Developments during the Financial Year ended June 30, 2018

During 2018, the Company continued a period of rapid growth commenced in the prior year as the cannabis industry expanded during the period prior to the legalization of cannabis for retail use in Canada on October 17, 2018. This phase was marked by a number of acquisitions and equity financings as the Company sought to develop and expand its product offerings, obtain necessary cultivation and sales licenses, and expand its sales and distribution channels. Significant developments during 2018 are set out below.

Corporate development and financing

During 2018, the rapid growth of cannabis related companies in Canada and internationally presented opportunities for the Company to fund its strategic investment and corporate growth by accessing the capital markets. Significant financings and corporate developments undertaken during 2018 included:

- On July 24, 2017, the Company's Common Shares commenced trading on the TSX after graduating from the TSX Venture Exchange. This marked the commencement of trading of the Company's securities on a senior exchange for the first time and provided new finance opportunities to the Company.
- On November 2, 2017, the Company completed a public offering and a concurrent private placement of units, raising proceeds of $69 million and $6 million, respectively. Each unit consisted of one Common Share and one Common Share warrant exercisable at a price of $48.00 per Common Share for a period of three years.

- On November 28, 2017, the Company completed an offering of 9,583 special warrants exercisable into convertible debentures for gross proceeds of $115 million. On January 12, 2018, the special warrants were exercised into $115 million principal amount of convertible debentures. The debentures are unsecured, bear interest at 6% per annum and mature on November 28, 2022. The principal amount of the debentures was convertible into Common Shares at $78.00 per Common Share subject to a forced conversion if after four months and one day following closing, the VWAP of the Common Shares equals or exceeds $108.00 per Common Share for 10 consecutive trading days. On October 17, 2018, the Company announced that it had elected its right to convert all of the principal amount outstanding into Common Shares and the conversion was completed on November 16, 2018.
- On March 9, 2018, the Company completed a private placement of two-year unsecured convertible debentures (the " **March Debentures**") in the aggregate principal amount of $230 million. The March Debentures bear interest at 5% per annum, payable semi-annually and were convertible into Common Shares at a price of $156.60 per Common Share, subject to a forced conversion if the VWAP of the Common Shares exceeded $204.00 per Common Share for 10 consecutive trading days.
- On June 20, 2018, Aurora announced that it intended to distribute units consisting of shares and warrants of its subsidiary, Australis Capital Inc. ("**ACI**"), to shareholders of the Company by way of a return of capital. The spin-out of ACI happened in the form of a distribution of units of ACI to resident holders of Common Shares. The distribution was paid on the basis of one Unit for every 3 Common Shares outstanding as of August 24, 2018 on a post-share consolidation basis. Each Unit consisted of one common share of ACI ("**Australis Share**") and one Australis Share purchase warrant.

Acquisitions and strategic investments

During fiscal 2018, the Company undertook a number of strategic investments and acquisitions, including:

- On July 28, 2017, the Company received 14,285,714 units of Radient Technologies Inc. (" **Radient**") pursuant to the mandatory conversion of debentures issued to the Company on February 13, 2017.
- On September 29, 2017, the Company acquired BC Northern Lights Enterprises Ltd. (" **BCNL**") and Urban Cultivator Inc. (" **UCI**"), leading companies, respectively, in the production and sale of proprietary systems for the safe, efficient and high-yield indoor cultivation of cannabis, and in state-of-the-art indoor gardening appliances for the cultivation of organic microgreens, vegetables and herbs in home kitchens. Total aggregate consideration for the acquisition was $5.5 million. Pursuant to Part 8 of NI 51-102, this acquisition did not constitute a significant acquisition and Form 51-102F4 was not required to be filed. At the time, these transactions were an important step in the Company's strategy to serve the home gardening market in Canada for patients who choose to grow their own medical cannabis, and ultimately for adult consumers who choose to grow their own after the legalization of adult usage in Canada.
- On November 6, 2017, the Company and Radient finalized a Master Services Agreement pursuant to which Radient agreed to perform certain services for Aurora using its Map™ technology, as well as other technologies, as an independent contractor in relation to the development, commercialization and supply of standardized cannabis extracts. Subsequently, on December 11, 2017, the Company exercised all of its 15,856,231 common share purchase warrants of Radient for a total cost of $5.8 million. The Company also subscribed for 4,541,889 units at $1.37 per unit in Radient's private placement. As a result, the Company increased its ownership interest in Radient from 8.8% to 19.18% on an undiluted basis.
- On November 20, 2017, the Company announced that it would make an offer to purchase all of the outstanding shares of CanniMed Therapeutics Inc. CanniMed was an early provider of medical cannabis in Canada with production facilities in Saskatchewan. Aurora had purchased 700,600 CanniMed common shares in the market for $16.1 million. On March 15, 2018, Aurora acquired control of CanniMed with 87.2% interest in consideration for $131 million cash and 5,236,101 Aurora common shares with a fair value of $706.9 million. The Company was ultimately successful, completing the acquisition of the remaining issued and outstanding CanniMed shares with a final purchase on May 1, 2018. The Company acquired the remaining 12.8% interest in CanniMed in exchange for $14.3 million cash and 826,136 common shares with a fair value of $91.9 million. Pursuant to Part 8 of NI 51-102, this acquisition constituted

a significant acquisition and the Company filed business acquisition report on Form 51-102F4, which is available on SEDAR.

- On December 11, 2017 and January 4, 2018, the Company acquired 7,200,000 shares and 3,194,033 shares of Cann Group Limited. ("**Cann Group**"), respectively, increasing the Company's total ownership interest to approximately 22.9% at the time. As of the date of this AIF, the Company has a 12.29% ownership in Cann Group.
- On January 4, 2018, the Company signed a binding term sheet with Alfred Pedersen & Søn (" **APS**") with respect to the formation of a Danish entity. Aurora Nordic was incorporated on February 12, 2018, with Aurora owning 51%. The Company subsequently entered into an agreement to acquire the remaining 49% interest, which is expected to close shortly. On September 11, 2020, Aurora Nordic received EU GMP certification which allows for the export of both dried flower and oils to the rest of Europe.
- In February 2018, Aurora made a strategic investment in Alcanna Inc. (" **Alcanna**") by way of a non-brokered private placement. The Alcanna investment was structured in two phases, with an initial investment of $103.5 million for an approximate 19.9% ownership interest, with an option for Aurora to increase its ownership stake up to 40% through exercising warrants granted as part of the investment.
- On May 14, 2018, Aurora entered into an agreement with MedReleaf to acquire all the issued and outstanding common shares of MedReleaf in an-all share transaction. The acquisition was completed subsequent to the year end.
- On June 6, 2018, the Company acquired a 19.99% interest in Capcium Inc., a privately-owned Montreal-based global leader in softgel manufacturing.
- On June 12, 2018, the Company subscribed for 9,859,155 common shares of Choom Holdings Inc. (" **Choom**") at $0.71 per share for a cost of $7 million representing an 8% ownership interest at the time.

International medical market opportunities

- In September 2017, the Company received its export permit issued by Health Canada, as well as provisional import status from the German Bundesopiumstelle (Federal Narcotics Bureau), to import medical cannabis products into Germany through Aurora Deutschland. On September 18, 2017, the Company shipped its first 50 kg of dried cannabis from Aurora Mountain, to Aurora Deutschland, with further ongoing shipments planned.
- In January 2018, Aurora Deutschland won a competitive EU-wide public tender to supply medical cannabis to the Italian government through the Ministry of Defense, which oversees medical cannabis productions and distribution in Italy. In March 2018, Aurora Deutschland delivered its first batch of medical cannabis to the Italian government.

Developments during the Financial Year ended June 30, 2019

During fiscal 2019, the Company continued its growth commenced in the prior years. This phase was marked by further acquisitions, strategic investments and expansion initiatives, as the Company continued to develop and expand its product offerings, sales and distribution channels and grow its market share. Significant developments during 2019 are set out below.

Strategic investments, acquisitions and partnerships

During fiscal 2019, the Company undertook a number of strategic investments and acquisitions, including:

- On July 25, 2018, Aurora completed the acquisition of all the issued and outstanding common shares of MedReleaf pursuant to a statutory plan of arrangement under the Business Corporations Act (Ontario) for total consideration of $2.6 billion, comprised of 30,843,353 Common Shares at an exchange ratio of 0.2979 Common Shares and $75.4 million fair value of replaced share-based payments. Pursuant to Part 8 of NI 51-102, this acquisition constituted a significant acquisition and a Form 51-102F4 was filed.

- On August 8, 2018, Aurora acquired all of the issued and outstanding common shares of Anandia, a privately held and globally recognized leader in cannabis science, in an all share transaction. Pursuant to the terms of the arrangement agreement, Aurora issued 1,059,707 shares and 529,851 warrants for total consideration of $98.2 million, with an additional $10 million to be paid by way of the issuance of additional shares and warrants upon the achievement of future milestones. Pursuant to Part 8 of NI 51-102, this acquisition did not constitute a significant acquisition and Form 51-102F4 was not required to be filed. Subsequently, on November 14, 2018 the Company appointed Jonathan Page, a co-founder of Anandia, as Chief Science Officer of the Company. This transaction has, among other things, enabled the Company to develop new, customized cultivars for specific applications, creating high-margin products that generate positive health outcomes in relation to specific medical indications, while further enhancing efficiencies at its facilities. In April 2020, Anandia ceased serving external customers to devote all of its resources to the Company's analytical testing needs.
- On November 5, 2018, the Company increased its investment in Choom by an additional $20 million through a convertible debenture maturing in four years and convertible into Common Shares: (i) at the option of Aurora, any time prior to the Maturity Date at a conversion price of $1.25 per Common Share, subject to a minimum conversion amount of $5 million, and (ii) at the option of Choom any time after the hold period has expired and the VWAP of Choom's common shares on the Canadian Securities Exchange is $3.00 or more for a period of 10 consecutive trading days.
- On November 22, 2018, Aurora acquired all of the issued and outstanding common shares of ICC for total consideration of $262.9 million comprised of 2,658,722 Common Shares and $7.7 million fair value of replaced share-based payments issued to ICC shareholders. Pursuant to Part 8 of NI 51-102, this acquisition did not constitute a significant acquisition and Form 51-102F4 was not required to be filed.
- On December 13, 2018, the Company invested $10 million by way of a brokered private placement in High Tide Inc., a privately held, Alberta-based, retail-focused cannabis and lifestyle accessories company. The Company received 10,000 senior unsecured convertible debentures priced at $1,000 per debenture, bearing an interest rate of 8.5% per annum, and convertible in aggregate to 13,333,333 common shares of High Tide Inc. at $0.75 per share.
- On March 1, 2019, the Company completed the acquisition of Whistler in an all-share transaction pursuant to the terms of an amalgamation agreement for total consideration of $158.1 million. On closing, the Company issued 1,121,736 Common Shares to Whistler shareholders, with two milestone payments in the amounts of $30 million and $10 million payable upon certain conditions being met. Pursuant to Part 8 of NI 51-102, this acquisition did not constitute a significant acquisition and Form 51-102F4 was not required to be filed.
- On March 13, 2019, the Company appointed Nelson Peltz as a strategic advisor, through 280 Park ACI Holdings, LLC. In consideration for the services, the Company granted stock options to purchase 1,663,480 Common Shares at $124.08 per share.
- On April 16, 2019, the Company announced that it had entered into a binding letter agreement with Hempco with respect to the acquisition of all of the issued and outstanding common shares of Hempco not already owned by Aurora at an agreed price of $1.04 per Hempco Share and payable in Common Shares.
- On May 21, 2019, the Company entered into a global partnership with the Ultimate Fighting Championship intended to advance further clinical research on the relationship between 100% hemp-derived CBD products and athlete wellness and recovery, with a view to accelerating CBD product development and education. As the cannabis market did not grow as quickly as expected following legalization, and in line with the Company's later focus on financial discipline and near-term profit pools (as detailed below under fiscal 2020), this partnership was mutually terminated, with the Company expected to make a one-time payment of US$30 million in Q1 2021.

Corporate development and financing

During 2019, the Company sought opportunities to fund its expansion and corporate growth by accessing the capital markets. Significant corporate development and financing activities undertaken in 2019 include the following:

- On September 4, 2018, the Company closed a $200 million debt facility with Bank of Montreal (the "**Credit Facility**") consisting of a $150 million term loan and a $50 million revolving credit facility, both of which will mature in 2021. The Company had an option to upsize the Credit Facility to a total of $250 million, subject to the implementation of the Cannabis Act. The Credit Facility is primarily secured by the Company's Canadian production facilities.
- On September 18, 2018, Aurora completed the distribution to shareholders and the public listing of ACI.
- On October 23, 2018, the Company's Common Shares commenced trading on the NYSE under the symbol "ACB", providing the Company with access to a broad universe of investors, access to equity capital and trading liquidity.
- On January 24, 2019, the Company closed a private offering of convertible senior notes due in 2024 for gross proceeds of US$345 million (including US$45 million pursuant to the exercise of the initial purchasers' over-allotment option). The notes are unsecured and will mature on February 28, 2024. The notes bear cash interest semi-annually at a rate of 5.5% per annum.
- On April 2, 2019, the Company filed a preliminary short form base shelf prospectus (" **Shelf**") with the securities regulators in each province of Canada, except for the Province of Quebec, and a corresponding shelf registration statement on Form F-10 with the SEC in order to conduct "at-the-market" ("**ATM**") offerings in the United States. The ATM offering was put in place to support the strength of the Company's balance sheet and provide continued access to equity capital as the Company continued to align with the realities of the Canadian and international cannabis market .

International expansion

During 2019, the Company sought to expand its entry and access to international markets. Some highlights of the activities over 2019 are as follows:

- On October 25, 2018, the Company announced that the Polish Ministry of Health had granted Aurora Deutschland approval for its first shipment of medical cannabis to Poland, to be sent to a pain treatment center and a hospital in Warsaw.
- On December 6, 2018, the Company announced that Aurora Europe had been selected by the Luxembourg Health Ministry for the supply of medical cannabis to Luxembourg and an initial purchase order for approximately 20 kgs had been received. The Company received all required authorizations (import and export licenses) had commenced its first shipment of high-grade medical cannabis to Luxembourg's Division de la Pharmacie et des Medicaments, representing the second time the Company received an order directly from a European government.
- On February 11, 2019, the Company announced it completed its first commercial export of cannabis oil to the United Kingdom (UK), making it one of the first Canadian companies to commercially supply cannabis-based medicines into the UK under the new legal framework that came into effect on November 1, 2018.
- On March 11, 2019, the Company announced that it had commenced the sale of cannabis oils to German pharmacies following receipt of all necessary approvals from the Canadian and German regulatory authorities.
- On April 5, 2019, the Company announced it was selected by the German Bundesinstitut für Arzneimittel und Medizinprodukte BfArM (Federal Institute for Drugs and Medical Devices) as one of three winners in the public tender to cultivate and distribute medical cannabis in Germany. The Company was awarded

the maximum number of five of the 13 lots in the tender over a period of four years. The cannabis produced will be sold to the German government and supplied to wholesalers for distribution to pharmacies.

Licensing and Canadian market expansion

With the legalization of adult-use consumer Cannabis in Canada on October 17, 2018, the Company was focused on licensing and product development to ensure its growth within the Canadian market. Some highlights for 2019 are:

- On July 5, 2018, Aurora entered into an agreement with the Alberta Gaming, Liquor & Cannabis Commission to supply cannabis products for the adult consumer use market in Alberta.
- On July 11, 2018, the Company entered an agreement with CannaRoyalty Corp. to purchase its exclusive Canadian license to use and commercialize pre-roll technology developed by Wagner Dimas Inc. for an aggregate consideration of $4.5 million in Common Shares.
- On July 30, 2018, Aurora received a Dealer's License from Health Canada under the *Controlled Drugs and Substances Act* for Aurora Mountain.
- On August 21, 2018, the Company announced it entered into a supply agreement with the Ontario Cannabis Stores, a key market in the Company's adult consumer use strategy.
- On August 22, 2018, the Company received Health Canada authorization to produce cannabis softgel capsules at Aurora Vie and began production immediately in partnership with Capcium Inc.
- On September 7, 2018, Aurora announced it had received a Health Canada production license for Aurora Eau and had received its oils production license for its Aurora River production facility.
- On September 18, 2018, the Company announced additional supply arrangements with a number of provinces across Canada to supply a broad range of Aurora and MedReleaf brand dried flower and higher margin products, such as pre-rolls, oils and capsules.
- On October 16, 2018, the Company announced it had received the necessary compliance verification from Health Canada to release for sale its innovative, high-potency, vape-ready CBD oil product line under the brand *Aurora Cloud*. At the time, *Aurora Cloud* was the only vape-ready CBD product legally available in Canada.
- On October 17, 2018, the Company announced that its Aurora Sky production facility had been granted a sales license by Health Canada. The Company also announced that it had received a sales license from Health Canada permitting the sale of cannabis softgel capsules produced at its Aurora Vie production facility.
- On November 5, 2018, the Company announced the official opening of Aurora Eau.
- On December 3, 2018, the Company announced that it had commenced shipments of cannabis softgel capsules for both the Canadian medical and adult-use markets.
- On February 4, 2019, the Company announced that its extraction technology partner, Radient, had received its Standard Processing License from Health Canada.
- On February 12, 2019, the Company announced the construction of a 300,000 square foot expansion at the Edmonton International Airport adjacent to Aurora Sky, Aurora Polaris. Once completed, Aurora Polaris is intended to serve as the centre of excellence for the industrial-scale production of higher margin, value-added products, such as edibles. Aurora Polaris remains under construction, with the shell of the building and office and warehouse spaces fully complete.
- On February 25, 2019, the Company announced that both its Aurora Sky and Aurora River facilities were fully licensed by Health Canada for the production and sale of cannabis and cannabis derivative products.

Developments during the Financial Year ended June 30, 2020

During fiscal 2020, the Company focused on building the infrastructure and capabilities necessary for successful and diversified business to better align with the realities of the current cannabis industry. The Company worked to grow its market share in Canada and key international markets, including through its entry into the U.S market. Some key highlights for 2020 include:

Canadian and international expansion and market share

- On July 15, 2019, the Company announced it received Health Canada licenses for outdoor cultivation at two Canadian sites. The new sites in Quebec and British Columbia will be used for cultivation research to develop new technology, genetics and intellectual property in order to drive sustainable, high-quality outdoor production.
- On July 18, 2019, the Company announced it had been selected as the only winner of the Italian government's public tender to supply medical cannabis in Italy. The supply contract was finalized on September 18, 2019. The tender saw Aurora selected as the sole winner of three lots to supply the Italian market, which is one of the most strictly regulated medical cannabis markets in the world. Aurora will supply a minimum of 400 kg of medical cannabis over the two-year contract with the cannabis coming from its Canadian EU GMP certified facilities and imported to Italy through Aurora Deutschland. The cannabis will be sold to Agenzia Industrie Difesa (an agency of the Italian Ministry of Defense) for distribution to local pharmacies, who dispense directly to patients.
- On August 19, 2019, the Company completed the acquisition of all of the remaining outstanding shares of Hempco.
- On November 27, 2019, the Company announced the grand opening of its flagship retail store in West Edmonton Mall in Edmonton, Alberta. At approximately 11,000 square feet, the store offers visitors a safe, age-gated retail experience in compliance with all relevant federal and provincial regulations.
- On December 2, 2019, the Company announced that one of its oil products had been approved for use under Ireland's new Medical Cannabis Access Programme. Aurora's High CBD Oil Drops received approval from the Irish authorities and have been added to a regulatory schedule by the Irish Minister of Health enabling importation, prescribing and supply under the scheme and is to date, one of only two products to gain such authorization.
- On February 3, 2020, the Company announced that Aurora River received EU GMP certification and it had received all necessary approvals from local regulators in Germany for sales of its medical cannabis products, following a temporary sales suspension on certain products in December 2019.
- On May 20, 2020, the Company announced it had entered into an agreement to strategically enter the United States through the acquisition of Reliva. The acquisition closed on May 28, 2020 for total consideration of US$38.6 million comprised of 2,480,810 Common Shares at a price of US$15.34 and $0.5 million fair value of contingent consideration. The transaction also included a potential earn-out of up to a maximum of US$45 million payable in Common Shares, cash or a combination thereof, over the next two years contingent upon Reliva achieving certain financial targets. Pursuant to Part 8 of NI 51-102, this acquisition did not constitute a significant acquisition and Form 51-102F4 was not required to be filed. This acquisition marked the Company's entry into the U.S. hemp-derived CBD market. Reliva is a leader in delivering high quality hemp-derived CBD products to consumers. Built on a philosophy of compliance, testing, product innovation and approachable price points Reliva has grown to become one of the largest retail CBD brands in the U.S. Reliva's products contain CBD derived from industrial hemp in compliance with the U.S. Agriculture Improvement Act of 2018 (2018 Farm Bill), and its products are not subject to the U.S. Controlled Substances Act.

Corporate re-set, cost rationalization and alignment with current market and industry realities

As the legal cannabis industry continued to evolve in fiscal 2020, the Company sought to better align to current conditions to ensure its future success. Several initiatives were undertaken from both a financial and corporate perspective to put the Company in a better position as it drove towards maturing within the industry, highlights of which are as follows:

- On August 15, 2019, the Company announced that it had secured commitments from an expanded syndicate of lenders to amend and upsize its existing Credit Facility to $360 million (the "**Amended and Restated Credit Facility**"). The Amended and Restated Credit Facility consists of an additional $160 million allocated between both term loans and a revolving credit facility, both of which will mature in August 2021. In connection with the amendment, the Company also obtained the right to increase the loan amount by an additional $39.1 million under the same terms of the existing agreement. Closing of the Amended and Restated Credit Facility was announced on September 9, 2019.
- On November 14, 2019, the Company announced it had provided notice to all holders (the " **Debentureholders**") of the March Debentures of an opportunity to voluntarily convert at an amended early conversion ratio, equal to $1,000 principal amount of March Debentures divided by a 6% discount to 5-day VWAP of the Common Shares (the "**Amended Early Conversion Ratio**"). All Debentureholders would be able to convert their March Debentures at the Amended Early Conversion Ratio during the period commencing on November 18, 2019 and ending on November 20, 2019. On November 25, 2019, the Company announced it received notice from Debentureholders representing approximately $227 million principal (or approximately 99%) to voluntarily convert into Common Shares at a price of $39.4044 resulting in the issuance of an aggregate of 5,761,260 Common Shares, in accordance with the Amended Early Conversion Ratio.
- On December 20, 2019, Cam Battley stepped down as Chief Corporate Officer of the Company.
- On February 6, 2020, the Company announced the retirement of Terry Booth, the Company's founder and Chief Executive Officer. As part of his succession plan, Terry would become a Senior Strategic Advisor and remain on the Board of Directors, with Michael Singer replacing him as Interim Chief Executive Officer. The Company also appointed Michael Detlefsen and Lance Friedmann as new independent directors. Concurrent with these updates, the Company announced a business transformation plan intended to rationalize the cost structure and balance sheet going forward, which included the elimination of close to 500 full-time equivalent staff across the company, including approximately 25% of corporate positions. Additionally, management announced the restructuring of spending plans on information technology projects, sales and marketing initiatives, travel & entertainment, professional services, and other non-revenue generating third-party costs which do not provide an immediate impact on revenue.
- On March 25, 2020, the Company executed an amendment to the Amended and Restated Credit Facility with Bank of Montreal. The amendment eliminated the $96.5 million non-revolving facility (Facility D) as the funds were initially earmarked for the construction of Aurora Sun which has since been deferred, utilized the $45.0 million restricted cash to repay and permanently reduce the outstanding term loan balance under Facility C, and amended our financial covenant ratios.
- On April 13, 2020, the Company announced its intention to consolidate its Common Shares on a 12 to 1 basis to restore compliance with the NYSE's continued listing standards, and to provide access to a broad universe of investors, access to equity capital and trading liquidity. The consolidation became effective on May 11, 2020 on both the TSX and NYSE.
- On June 3, 2020, the Company and Alcanna jointly announced that they had entered into an agreement with a syndicate of underwriters led by Cormark Securities Inc. (collectively, the "**Underwriters**") pursuant to which the Underwriters agreed to purchase, on a "bought deal" basis, 9,200,000 common shares of Alcanna ("**Alcanna Shares**") held by Aurora (the "**Offered Shares**") at a price of $3.00 per Offered Share and offer them to the public by way of short form prospectus for total gross proceeds to Aurora of approximately $27.6 million. The sale closed on June 24, 2020 and as a result, the Company no longer holds any Alcanna Shares or warrants to purchase Alcanna Shares.

- On June 16, 2020, the Company announced that co-founder Steve Dobler would be retiring from his roles as President and Director of the Company effective June 30, 2020.
- On June 23, 2020, the Company provided further updates on its business transformation plan previously announced on February 6, 2020, which included a material reduction in both corporate and production level employees and third-party consulting and professional spending across the organization. The corporate headcount rationalization was undertaken at all levels of the Company, including a restructuring of the executive leadership team and the recently announced retirement of President Steve Dobler. The Company also initiated a plan to close operations at five facilities over the next two quarters in order to focus production and manufacturing at the Company's larger scale and highly efficient sites. The affected facilities are the smaller scale facilities, Aurora Prairie, Aurora Mountain, Aurora Ridge, Aurora Vie and Aurora Eau. The Company expects that part of the Aurora Vie production facility in Quebec will remain operational to allow for the manufacturing of certain higher margin products. The Company intends to consolidate Canadian production and manufacturing at Aurora Sky, Aurora River (EU-GMP certified), Whistler Pemberton, and Polaris.
- On June 26, 2020, co-founder Terry Booth retired from his position as a Director of the Company.

Developments subsequent to the Financial Year ended June 30, 2020

Following fiscal 2020 and to the date of this AIF, the Company has continued to work towards maturing into a profitable business by executing on its corporate re-set goals and ensuring financial stability. Some highlights to date are:

- On July 6, 2020, the Company appointed Miguel Martin, President of Aurora USA and head of Reliva, as Chief Commercial Officer of the Company, replacing Darren Karasiuk. Miguel was subsequently appointed Chief Executive Officer on September 8, 2020, replacing Michael Singer who held that position on an interim basis from February 6, 2020. Miguel has deep, diverse experience in consumer-packaged goods, highly regulated industries and the U.S. cannabinoid industry and is well-positioned to execute the next phase of Aurora's business transformation, with a focus on commercial strategy.
- On September 8, 2020, the Company announced it had reached an agreement with its syndicate of banks regarding amendments to its Credit Facility, to provide additional flexibility during the Company's business transformation plan, and announced the termination of the partnership with UFC, as earlier described, in consideration of a one-time payment of US$30 million.

DESCRIPTION OF THE BUSINESS

General

Aurora is a Canadian-headquartered cannabis company focused on producing, innovating, and selling consistent, high quality cannabis and cannabis products for both the global medical and consumer use markets. The Company has differentiated itself through:

- Purpose-built growing facilities, which we believe are the most technologically advanced indoor agricultural growing facilities in the world. These facilities consistently produce high-quality cannabis at scale, lower the risk of crop failure, and provide low per-unit production costs.
- Research and innovation in plant genetics, cultivation, consumer insights, and product development.
- A broad and growing portfolio of successful brands that align to the needs of consumers and patients in segments from discount to ultra-premium.
- Global leadership in consumer and medical markets that have significant and near-term profit potential.

- A transformed cost structure that provides a path to near-term, sustainable, and growing positive earnings before interest, taxes, depreciation and amortization ("**EBITDA**") and cash flow.

The Company's principal strategic business lines are focused on the production, distribution, and sale of cannabis and cannabis-derivative products in Canada and internationally. The Company's primary market opportunities are:

- **Global medical cannabis market:** Production, distribution and sale of pharmaceutical-grade cannabis products in countries around the world where permitted by government legislation. Currently, there are approximately 50 countries that have implemented regimes for some form of access to cannabis for medical purposes. The Company's current principal medical markets are Canada and Germany. Aurora has established a market position in both countries;

- **Global consumer use cannabis market:** Currently, only Canada and Uruguay have implemented federally-regulated consumer use of cannabis regimes and the Company has primarily focused on the opportunities in Canada. Aurora has established a top-three market position in the Canadian consumer market overall. Longer-term, the Company believes that the increasing success of medical cannabis regimes globally may lead to increased legalization of adult-use consumer markets; and

- **Global hemp-derived CBD market:** The Company expects consumer demand for products containing CBD derived from hemp plants to be an exciting growth opportunity in the coming years. The Company believes that the most important near-term market opportunity for hemp-derived CBD is in the U.S. On May 28, 2020, the Company acquired Reliva, a U.S. company based in Massachusetts, which specializes in the distribution and sale of hemp-derived CBD products and has established a leading brand in the U.S. market.

Corporate Strategy

The global cannabis industry is a rapidly developing business opportunity that offers the potential to positively and significantly impact the lives of millions of people worldwide. Aurora's strategy is squarely focused on establishing a strong leadership position in three distinct, rapidly growing markets that the Company currently operates in today: medical cannabis, consumer cannabis, and hemp-derived CBD.

This growth strategy is built upon a foundation supported by Aurora's unique competitive advantages:

Cultivation

Aurora's state-of-the-art production facility, Aurora Sky, in Edmonton Alberta, is a purpose-built, completely contained, and environmentally controlled agriculture grow facility. Aurora Sky produces high-quality cannabis at scale, leveraging significant automation and precision environmental control to produce reliable, high-yield crops at low costs. These factors are critically important in the development of a strong global reputation with consumers and patients.

Leading Brand Portfolio

Aurora believes that it has a highly valuable portfolio of brands that resonate with both patients and consumers in their respective markets. Within the medical segment, CanniMed, MedReleaf, Aurora and WMMC represent Aurora's medical brand portfolio. Within the consumer segment, Whistler Cannabis Co., San Rafael '71, Woodstock, AltaVie, Aurora Drift, and Daily Special represent a brand portfolio touching numerous consumer segments and different quality and pricing tiers. This architecture allows Aurora's brands to appeal to the greatest number of cannabis consumers with high quality cannabis products.

Medical Commitment

Aurora is committed to providing patients worldwide with access to consistent and effective medical cannabis products. A growing number of progressive countries around the world have established legal medical-cannabis programs, of which Canada has the most sophisticated market, and Aurora is the Canadian market leader in the medical category as measured by registered patients. Aurora has more than 85,000 medical patients in Canada and has developed a strong presence in Europe. Servicing the needs of patients in select countries remains a strong near-term international opportunity for Aurora.

Science and Intellectual Property

Aurora is focused on developing and commercializing intellectual property in product innovation, plant genetics, and cultivation science areas. The focus on the development of cannabis breeding and genetics drives production efficiencies, yield enhancements and the creation of disease-resistant strains. Leveraging the Company's strong R&D platform, Aurora's product development team has introduced new, innovative products under the current strict Canadian regulatory framework and is continuing to develop next generation products that will be in demand for both the medical and consumer markets.

U.S. Market Strategy

The United States represents the largest cannabis and hemp-derived CBD market globally. As such Aurora has established an operating footprint in the U.S. through the acquisition of Reliva. Aurora expects hemp-derived CBD as an ingredient infused into a number of consumer products, both topicals (i.e.: creams, balms, and lotions) and ingestibles (e.g., tincture, gummies, gum, mints, and drink mixes) to be a significant long-term growth opportunity for the Company. Reliva is an agile, consumer focused hemp-derived CBD branding company, and represents Aurora's growth engine in the United States.

Aurora believes that hemp-derived CBD will likely be a regulated product similar to tobacco and alcohol. Similar to companies who distribute other regulated products, Aurora believes companies with strong culture of regulatory adherence, compliance and testing will be advantaged in the long-run as the hemp-derived CBD category evolves. The Company believes that Reliva meets or exceeds all of these attributes for success. We continue to evaluate opportunities to further grow our presence in the U.S. market and we are committed to only engage in activities which are permissible under both state and federal laws.

Production Facilities and Licenses

Our cannabis products are currently primarily cultivated and manufactured in the following licensed production facilities.

FACILITY	LOCATION	SIZE	ESTIMATED ANNUAL CAPACITY	STATUS	LICENSE		
					Cultivation	Sale	EU GMP
Aurora Sky	Edmonton, AB	800,000 ft²	>100,000 kg/year	Facility in full operation	●	●	
Aurora River	Bradford, ON	210,000 ft²	28,000 kg/year	Facility in full operation	●	●	●
Aurora Nordic 1	Odense, Denmark	100,000 ft²	10,000 kg/year	Facility in full operation. EU GMP Certification pending	●	●	●
Whistler Pemberton	Pemberton, BC	62,000 ft²	4,500 kg/year	Facility in full operation	●	●	

Estimated annual production capacity is based on the Company's experience in growing cannabis and data available concerning the wide variety of strains under growing conditions maintained at its facilities. The material assumptions on which the actual or expected annual kilograms harvested is determined include, but are not limited to:

- the number of cultivation rooms in the facility;
- the planned (or actual) number of plants each cultivation room is built to contain;
- the average per gram yield per plant based on Aurora's historical averages for the strain and growing conditions;
- the number of harvests (turns) planned (or realized) per year; and
- licensing from the relevant governmental authority to operate at the stated capacity.

About our Primary Production Facilities

Aurora Sky	Aurora Sky is located at the Edmonton International Airport. Construction was substantially completed in January 2019 and the facility is now operating at full capacity. On February 25, 2019, the Company announced that Aurora Sky was fully licensed by Health Canada for the production and sale of cannabis and cannabis derivative products. With a total footprint exceeding 800,000 square feet, Aurora Sky can produce more than 100,000 kgs of cannabis per year.
Aurora River	Through the acquisition of MedReleaf, the Company acquired a 210,000 square foot indoor cultivation facility in Bradford, Ontario. Aurora River is built to EU GMP specifications and includes areas for propagation, trimming, drying, commercial-scale oil extraction, pharmaceutical-grade manufacturing, shipping, storage, water treatment, laboratories, plant-based and analytical research and development facilities, quality assurance and quality control facilities, maintenance areas, shipping and distribution areas, and administrative offices. Aurora River received its oils production license in September 2018. The Company expects a production capacity of up to 28,000 kg of cannabis per year.
Aurora Nordic 1	In order to accelerate time to market, Aurora Nordic has completed retrofitting Aurora Nordic 1, an existing 100,000 square feet greenhouse. On September 11, 2020, Aurora Nordic received EU GMP certification which allows for the export of dried flower and oils to the rest of Europe. Once fully licensed, the facility is expected to produce approximately up to 10,000 kgs of cannabis per year.
Whistler Pemberton	Through the acquisition of Whistler, the Company acquired the Whistler Pemberton Facility, an existing partially licensed, purpose-built, state-of-the-art facility that has been constructed in compliance with EU GMP standards. The facility is now fully licensed and in full production, with a capacity of 4,500 kg/year.

Suspension of Construction at Aurora Sun and Aurora Nordic 2

On November 14, 2019, Aurora announced the suspension of construction at its Aurora Sun and Aurora Nordic 2 facilities, to cut costs and streamline operations.

The Company began construction at Aurora Sun in June 2018. It was initially anticipated that this facility would measure 1.2 million square feet, being readily expandable to 1.6 million square feet. This facility is partially constructed and the remaining construction is on pause, with completion subject to market demand. The Company has applied for licensing for part of the facility, which we expect to receive in due course.

Aurora Nordic 2 or "Aurora Nordic Sky" was intended to be a 1 million square foot fully automated cannabis production facility located in Odense, Denmark. This facility is partially constructed, and the remaining construction is on pause, with completion subject to market demand.

Closure of Certain Canadian Production Sites

On June 23, 2020, we announced the planned closure of certain Canadian production sites to further extract efficiencies from the business and streamline operations. The affected facilities are the smaller scale facilities, Aurora Prairie, Aurora Mountain, Aurora Ridge, Aurora Vie and Aurora Eau. The Company expects that part of the Aurora Vie production facility in Quebec will remain operational to allow for the manufacturing of certain higher margin products. The Company intends to consolidate Canadian production and manufacturing at Aurora Sky, Aurora River (EU-GMP certified), Whistler Pemberton, and Polaris. Closure of certain facilities has commenced; however the timing is fluid and remains subject to a number of operational and logistical factors.

Research and Analytical Testing Facilities

In addition to our production facilities, we have the following facilities which are used for research activities and analytical testing:

FACILITY	LOCATION	SIZE	STATUS	LICENSE (Research)
Aurora Coast	Comox, BC	22,500 ft^2	Operating research facility	●
Anandia UBC	Vancouver, BC	3,000 ft^2	Operating research facility	●
Anandia GNW	Vancouver, BC	12,700 ft^2	Licensed analytical testing facility. Research licensing underway	● (Analytical testing)
Anandia Toronto	Toronto, ON	2,700 ft^2	Licensed analytical facility	● (Analytical testing)

Storage and Security

The Cannabis Act prescribes physical security requirements that are necessary to secure sites where Licensed Producers conduct activities with cannabis. All facilities currently in production operate in accordance with the Cannabis Act requirements, including in relation to the security requirements. Health Canada conducts ad hoc, unscheduled site inspections of Licensed Producers. As of the date hereof, there are no material outstanding inspection issues with Health Canada.

Cannabis Products

Aurora's principal market is patients and consumers who use cannabis in Canada and other international jurisdictions. The Company is authorized to cultivate and sell dried cannabis, cannabis oils, capsules, edible cannabis and cannabis extracts pursuant to the requirements of the Cannabis Act. The Company's cannabis products can be ingested in a variety of ways, including smoking, vaporizing, and consumption in the form of oil, capsules, edibles and extracts.



Aurora is known around the globe for research-driven innovation at scale. In addition to a wide selection of dried flower, oils, and softgels, Aurora was one of the first Licensed Producers to the Canadian medical cannabis market with a wide range of Cannabis 2.0 products including edibles, vapes, and concentrates. As a longstanding supporter of Canadian veterans, Aurora drives veteran access to medical cannabis through strong prescriber/clinic relationships, robust veteran support programs, and ongoing advocacy work.

Through the acquisition of CanniMed, MedReleaf and Whistler, the Company also acquired their highly respected portfolios and proprietary property.

The CanniMed brand portfolio includes a number of dried milled strains, cannabis oils, capsules, and topicals kits for medical patients. CanniMed's 1:20 Oil has been used in clinical trials studying symptom management in treatment-resistant childhood epilepsies.

The MedReleaf brand portfolio includes dried cannabis varieties, strain specific cannabis oils, capsules, and concentrates. In 2013, MedReleaf entered into a strategic alliance with Tikun Olam Ltd. whereby MedReleaf obtained an exclusive license to offer premium, research-backed varieties of cannabis and leverage access to extensive patient data that Tikun Olam Ltd. had gathered for over a decade.

Founded in 2013, Whistler was the first Canadian Licensed Producer to obtain organic certification and sell a full suite of organic-certified cannabis products. Whistler has commercialized more than 30 flower varieties and strain-specific oil products from an extensive genetics bank of over 150 strains.

Effective July 1, 2020, CanniMed, MedReleaf and the former Aurora Cannabis Enterprises Inc. amalgamated to form ACE. Amalgamating this group of medical Licensed Producers has provided our patients access to multiple Aurora group brands from a centralized Aurora medical site, improving the patient experience and service model.

In addition to the above, the Company offers products under the following brands:



Whistler Cannabis Co. is Canada's first organic certified brand. Our Whistler cannabis is farmed in living soil, by people with a passion for cultivation. Our premium products are crafted with care so you can enjoy an authentic high-quality cannabis experience.



San Rafael '71 is an award-winning brand that is dedicated to harvesting the best-in-class premium cannabis with innovative, high-THC & terpene rich strains & formats that stay true to classic cannabis culture.



Aurora Drift offers a diverse range of strains, innovative formats, edibles and cannabinoid formulas for all occasions, so current and new consumers can enjoy cannabis their way.



Daily Special is a no-frills brand that is focused on providing the best value across multiple formats for price-conscious consumers seeking reliable & high potency cannabis.



Alta Vie is a brand for wellness-minded individuals, searching for physical, mental and emotional enrichment. Our AltaVie products are milder in THC & higher in CBD.



Woodstock takes its name from the 1969 festival known to be one of the most important events in music history. Almost 50 years later, Woodstock is a line of cannabis products for the thriving music and festival lover.

Product Innovation

The Company continues to evolve its product lines to meet the needs of medical patients, existing consumers, and new consumers alike, with a number of new products planned for the market. New product launches will focus on key patient and consumer needs and white space opportunities.

The Company has a variety of new, differentiated cannabis products at various stages of development. R&D and consumer research resources are being prioritized in key growth and margin accretive derivative segments of the cannabis market. The Company remains focused on delivering innovative products that are patient and consumer focused.

Strategic Pillars:

- expanding and accelerating a portfolio of differentiated vape products
- pre-roll expansion into premium brands
- consumer-focused cultivars expansion
- entry into the concentrates category

Upcoming Launches

The Company will be launching a new wave of consumer products in fiscal Q2. San Rafael '71, a leading consumer brand, will be entering into the concentrates space with live resin, which is a premium, potent, and popular product in the illicit market and the US. Additional concentrate formats are planned for the balance of the fiscal year. Further, the Company will accelerate growth in the vape category with the launch of a portfolio of high potency, strain specific Daily Special vape products. The Company will continue to leverage its portfolio of brands and prioritize initiatives that are accretive to the business and deliver a positive consumer experience.

Revenue in Reportable Segments and Gross Sales

The Company's reportable segments for purposes of IFRS are: (i) cannabis; and (ii) horizontally integrated businesses. The following table sets out the cannabis revenue for each category of products within the cannabis segment that accounted for 15% or more of the total consolidated revenue of the Company for the applicable financial year derived from sales to entities in which Aurora maintains an investment accounted for by the equity method and/or sales to customers.

Source	Year ended June 30, 2020 ($ thousands)	Year ended June 30, 2019 ($ thousands)
Net revenue from dried flower	189,543	183,026
Net revenue from extracts	71,038	42,440
Cannabis net revenue	**260,581**	**225,466**

Patient Counseling and Outreach Services

Aurora provides patient counseling and outreach services through our subsidiary CanvasRx. CanvasRx helps patients learn how to safely and effectively use medical cannabis, how to select a strain from the hundreds available in Canada and register with their choice of Licensed Producer. CanvasRx currently has 12 physical locations in Alberta and Ontario.

CanvasRx plays an important role in supporting the medical cannabis segment domestically and internationally through the ongoing education of physicians and patients interested in learning more about the medical benefits of cannabis and the procedures under applicable regulations to obtain cannabis. CanvasRx increases Aurora's presence in the medical cannabis sector, provides Aurora with access to valuable aggregate data on patient use of medical cannabis, as well as the ability to jointly develop new services for patients, and tailor its product line to offer an industry-leading and demand-matching selection of products and strains tailored to the needs of patients.

Distribution Methods

The Company distributes cannabis products in accordance with the various regulatory frameworks in the respective provinces and territories governing the medical and consumer markets in Canada. We also distribute medical cannabis products internationally in accordance with applicable international laws and regulations. We have robust distribution networks spanning 98% of the Canadian population and are operating in other locations worldwide.

The Company's registered patients can order products directly from Aurora through our online shop or by phoning our client care center. In May 2016, we became the first Licensed Producer to offer same-day delivery of medical cannabis when we launched this service in the Calgary, Edmonton metropolitan areas, which we now also offer in Greater Toronto Area. Medical cannabis is, and will continue to be, delivered by secured courier or other methods permitted by the Cannabis Act.

The Company has a supply agreement in place with Shoppers Drug Mart, which currently sells Aurora, CanniMed and MedReleaf products through their e-commerce website. In addition, we have agreements in place with PharmaSave (in collaboration with CanvasRX) and PharmaChoice, which allow them to provide patient support and to refer patients into the Aurora network until such time as they can distribute medical cannabis through their pharmacists across Canada.

The Company has agreements with provincial regulators to supply cannabis for the Canadian adult-use consumer market. Under the terms of these agreements, Aurora supplies the provinces with a wide variety of premium product from its facilities. Supply quantities are determined based on demand on an ongoing basis.

Through a combination of strategic investments, domestic production, and supply agreements, the Company is positioned to access a growing number of key international markets. With the EU GMP certification of certain of our facilities, we are one of only a handful of companies globally with this pharma-grade designation across both production and distribution facilities in Canada and Germany respectively, allowing us to sell into the most restrictive and promising markets in Europe. On September 11, 2020, Aurora Nordic received EU GMP certification which allows for the export of dried flower and oils, allowing distribution from the Aurora Nordic 1 facility to Germany, which will allow us to transition the supply of product destined for the EU markets from Canadian facilities to Nordic. This transition should take up to 18 months to complete.

Research and Development

In addition to the production and sale of cannabis and cannabis products the Company is also focused on research and development activities (R&D), which are organized into the following main areas:

Plant science:	Breeding and genetics of new cultivars, tissue culture, cultivar commercialization and intellectual property, analysis of chemistry and quality for sales and marketing
Analytical science:	Quality control testing, development of new assays, support for new product formats, R&D analysis

Plant Science

In fiscal 2020, Aurora Coast received its Health Canada research license and is now fully operational. This facility will lead Aurora's plant R&D efforts to deliver improved genetics for our production facilities, including better yields, resistance to plant diseases and improved chemical profiles.

In addition, the Company planted a research trial of outdoor suitable genotypes at our licensed facility, Aurora Valley (Westwold, British Columbia). Auto-flowering plants (photoperiod insensitive) are a key development required for successful outdoor cannabis production in Canada.

The company's plant science team continues to work to protect intellectual property for its key cultivars using "plant breeders' rights".

Analytical Science

The Company's wholly owned subsidiary, Anandia, continues to provide standardized quality control testing to the Aurora quality assurance and production teams and has supported product development, R&D and commercial programs through routine and custom testing solutions.

Specialized Skill and Knowledge

All aspects of the Company's business require specialized skills and knowledge. The Company's management is comprised of individuals with extensive experience and expertise in areas including, but not limited to, the cultivation and growing of cannabis, consumer packaged goods, product development, strategy, science and analytical testing, international regulated products and legal and regulatory compliance.

The Company is dedicated to ensuring regulatory compliance in all aspects of the business with the end goal of consumer and patient satisfaction. There is a high level of quality assurance and testing protocols in place within the Company, including a system that provides additional certainty regarding the purity and safety of the cannabis it produces and sells. Therefore, the Company must employ skilled personnel within these areas. Experience in cannabis or other regulated industries assists the Company in remaining in compliance with applicable laws and regulations.

Specialized skills and knowledge are important to the Company's success as it continues to evolve with the industry and grow its brands, and we continue to build on the skills and knowledge required within our organization to meet our goals.

Protection of Intellectual Property

To protect its intellectual property (" **IP**"), the Company defines the competitive value of its intangible assets and seek to secure enforceable protection (including patents, trademark registrations, and plant variety protection registrations). Currently, the Company owns trademark applications and registrations for its brands and product names in Canada and internationally and also has international rights to over 100 patents and patent applications in technical areas including:

- Extraction & Production Systems & Methods
- Genetics & Biosynthesis
- Horticultural Methods & Apparatus
- Medical & Recreational Products
- Plant Variety Protection

The Company monitors and responds to emerging infringement and competition threats, relying on its protected IP assets. To safeguard the confidentiality of its inventions, trade secrets, technical know-how, and proprietary information, the Company maintains physical and electronic security over its risk sensitive intangible assets. Confidentiality is essential to the Company's relationships with business partners, collaborators, employees and consultants. The Company is mindful of the different types of IP and understand how its IP assets can be used to protect and leverage product development efforts to achieve key business goals.

Industry Overview

Regulatory Framework of Medical and Consumer Cannabis in Canada under the Cannabis Act

On October 17, 2018, the Cannabis Act and Regulations came into effect, which were subsequently amended on October 17, 2019. The Cannabis Act and Regulations legalize, strictly regulate, and restrict access to cannabis (medical and adult-use) within Canada.

The Cannabis Regulations established six classes of licenses: cultivation, processing, analytical testing, sales for medical purposes, research, and cannabis drug licenses.

The Cannabis Regulations have also created sub-classes for cultivation licenses (standard cultivation, micro cultivation, and nursery) and processing licenses (standard processing and micro-processing). Different license

types carry different rules and requirements that are intended to be proportionate to the public health and safety risks posed by each license category and/or sub-class. Producers holding production and sale licenses under the ACMPR have been transitioned to coordinating licenses under the Cannabis Act. Licenses issued pursuant to the Cannabis Regulations are valid for a period of up to five years. The Cannabis Regulations permit cultivation license-holders to conduct both outdoor and indoor cultivation of cannabis. A holder of a license must only conduct authorized activities at the location set out in the license.

Security Clearances

Certain people associated with cannabis licensees, including individuals occupying a "key position" such as directors, officers, large shareholders, and individuals identified by the Minister of Health, must hold a valid security clearance issued by the Minister. Under the Cannabis Regulations, the Minister may refuse to grant security clearances to individuals with organized crime associations or past convictions for, or in association with, drug trafficking, corruption, or violent offences. This was largely the approach in place previously under the ACMPR and other related regulations governing the licensed production of cannabis for medical purposes. Individuals who have a history of nonviolent, lower-risk criminal activity (for example, simple possession of cannabis, or small-scale cultivation of cannabis plants) are not precluded by legislation from participating in the legal cannabis industry, and the granting of security clearance to such individuals is at the discretion of the Minister of Health.

Cannabis Tracking and Licensing System

Under the Cannabis Act, the Minister is authorized to establish and maintain a national cannabis tracking system, the purpose of which is to track cannabis throughout the supply chain to help prevent diversion of cannabis into and out of the illicit market. The Cannabis Regulations provide the Minister with the authority to make a ministerial order that would require certain persons named in such order to report specific information about their authorized activities with cannabis, in the form and manner specified by the Minister. Accordingly, the Minister has introduced the Cannabis Tracking and Licensing System (the "**CTLS**"). License-holders are required to use the CTLS to submit monthly reports to the Minister pursuant to the Cannabis Tracking System Order, SOR/2019-202.

Cannabis Products

As of October 17, 2018, the Cannabis Act and Regulations permitted the sale to the public of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds by authorized license holders.

On October 17, 2019, the sale of edible cannabis, cannabis extracts and cannabis topicals were added as classes of cannabis that are permitted to be sold through medical and adult-use consumer channels. The previous class, cannabis oil, was given a one-year transitionary period to allow for existing cannabis licencees to transition their current products to the amended regulations. Edible cannabis, cannabis extracts and cannabis topicals each have varying restrictions on maximum concentration of THC per immediate container and per dose, ingredient limitations, and additional manufacturing and good production practices requirements.

Packaging and Labelling

The Cannabis Regulations require plain packaging for cannabis products, including strict requirements for logos, colours and branding, and further require mandatory health warnings, a standardized cannabis symbol and specific product information.

Promotion

The Cannabis Act and Regulations outline several prohibitions that can potentially apply to anyone who may be involved in the promotion of cannabis, cannabis accessories and services related to cannabis, or related activities. These prohibitions are intended to protect public health and safety, including by protecting the health

of young persons by restricting their access to cannabis, and young persons and others from inducements to use cannabis.

Cannabis for Medical Purposes

The Cannabis Regulations set out the regulatory framework for medical cannabis following legalization, which remains substantively consistent with the previous legislation. Some adjustments have been made to align with rules for non-medical consumer use, improve patient access, and reduce the risk of abuse within the medical access system. The sale of medical cannabis remains federally regulated and sales can only be made by an entity that holds a license to sell under the Cannabis Regulations to patients who: (a) have a medical document authorizing the use of medical cannabis and (b) have registered with the licensed entity. Patients must obtain a medical document from their health care provider and then register as a patient with a holder of a license for sale for medical purposes, with the registration in each case valid for a maximum of one year. The client can then order from the licensed seller online or via telephone and the cannabis will be shipped directly to the client. The Federal government intends to review the medical cannabis system five years from the date of legalization to determine whether to implement any further changes to the regulatory framework.

Health Products and Cosmetics Containing Cannabis

Health Canada has taken a scientific, evidence-based approach to the oversight of health products with cannabis that are approved with health claims, including prescription and non-prescription drugs, natural health products, veterinary drugs and veterinary health products, and medical devices. Per Health Canada's Cosmetic Ingredient Hotlist, the use of cannabis species (hemp) derivatives (other than certain hemp seed derivatives containing no more than 10 parts per million THC) in cosmetics, are permitted, subject to the provisions of the Cosmetic Ingredient Hotlist and the Industrial Hemp Regulations.

Provincial and Territorial Regulatory Regimes

While the Cannabis Act governs the production of cannabis for consumer purposes and related matters by the federal government, the Cannabis Act has authorized the provinces and territories of Canada to regulate other aspects of consumer cannabis, such as sale and distribution, minimum age requirements, and places where cannabis can be consumed

The government of each Canadian province and territory has in place regulatory regimes for the distribution and sale of cannabis for consumer purposes within those jurisdictions. The following chart outlines the current basic regulatory regime in each province and territory:

Province/Territory	Legal Age	Where it's Legal to Purchase:	Public Possession Limit
Alberta	18	Private licensed stores or government-operated online store	30 grams
British Columbia	19	Government-operated stores or online, or private licensed stores	30 grams
Manitoba	19	Private licensed stores or online	30 grams
New Brunswick	19	Government-operated stores or online	30 grams
Newfoundland and Labrador	19	Private licensed stores or government-operated online store	30 grams
Northwest Territories	19	Government-operated stores or online	30 grams
Nova Scotia	19	Government-operated stores or online	30 grams
Nunavut	19	Government-operated online store or by phone	30 grams
Ontario	19	Private licensed stores or government-operated online store	30 grams
Prince Edward Island	19	Government-operated stores or online	30 grams
Quebec	21	Government-operated stores or online	30 grams
Saskatchewan	19	Private licensed stores or online	30 grams
Yukon	19	Government-operated stores or online	30 grams

Status of Regulatory Framework in the United States

Aurora does not currently have any direct or indirect cannabis investments in the United States, where cannabis remains federally illegal. We will only participate in federally permissible activities, despite cannabis being legal in certain individual states.

The United States represents the largest cannabis and hemp-derived CBD market globally and, as such, Aurora is committed to establishing a substantial operating footprint in the U.S. On May 28, 2020, we strategically entered the U.S. hemp-derived CBD market through the acquisition of Reliva. As part of any further U.S. market strategy, we must consider the Company's stakeholders and how various state and federal regulations will affect the Company's business prospects. The Company is committed to only engaging in activities which are permissible under both state and federal laws.

International Opportunities

In addition to Canadian domestic operations, as market demand grows, we continue to pursue international opportunities, including opportunities to export our medical cannabis products to other countries and opportunities to create international alliances with local partners to apply for cultivation licenses in other countries.

Germany

The Company acquired Aurora Deutschland in May 2017. Aurora Deutschland holds all relevant licenses and permits and has been importing, exporting, and distributing cannabis for medical purposes into and within the European Union since December 2015. Aurora Deutschland distributes to more than 1,500 German pharmacies and currently relies exclusively on imported medical cannabis products from federally regulated producers in Canada and the Netherlands.

Other than Canada, Germany currently represents the largest single federally legal medical cannabis market in the world and is experiencing a significant shortage of supply. Of note, Germany is the first country in the

world to cover the cost of medical cannabis for any therapeutic application approved by a physician through its national health insurance system. The market for medical cannabis in Germany is expected to grow at a moderate pace for the foreseeable future and Aurora believes it is well positioned to participate in this market growth. Germany represents a market with higher average selling prices per gram of dried cannabis relative to Canadian medical and Canadian recreational average selling prices and exhibits very good gross margins relative to Aurora's Canadian business. As such, ensuring availability of suitable cannabis for the German market is a priority and is underpinned by Aurora Nordic 1 cultivation capacity. In addition, Aurora has committed to completing a small domestic cultivation facility in Germany and is evaluating options with respect to the timing and construction of this facility.

Denmark

The Company currently owns 51% of Aurora Nordic and has entered into an agreement to acquire the remaining 49% interest, which is expected to close shortly. Aurora Nordic has completed retrofitting Aurora Nordic 1, an existing 100,000 square feet greenhouse. Once fully licensed, the facility is expected to produce approximately up to 10,000 kgs of cannabis per year. On September 11, 2020, Aurora Nordic received EU GMP certification, allowing for the distribution of dried flower and oils from the Aurora Nordic 1 facility to Aurora Deutschland. Final licensing at the facility is underway. German import permits are expected to be received prior to the end of the calendar year 2020 and, once received, Aurora expects to immediately commence shipments from Aurora Nordic 1 to Aurora Deutschland. The Company anticipates that the Aurora Nordic 1 facility will be the main production facility to serve the European market in the future. The ability to export product out of Aurora Nordic 1 will allow for greater efficiency, lower transportation costs and better ability to respond to local market patient preferences as compared to exporting from Aurora's Canadian production facilities**.**

Poland

In October 2018, the Polish Ministry of Health granted the Company approval for its first shipment of medical cannabis to Poland, with the shipment made by Aurora Deutschland to a pain treatment center and a hospital in Warsaw. This made Aurora the first Licensed Producer to receive a cannabis import permit from the Polish Ministry of Health. The Company continues to import modest volumes into Poland but believes that the Polish medical market will continue to represent an attractive near-term growth opportunity for supply out of Aurora Nordic.

Employees

As of June 30, 2020, the Company had approximately 2,731 employees (2019 - 2,779 employees). As of September 22, 2020, the Company has approximately 2,380 employees.

RISK FACTORS

Our business, operations and outlook are subject to certain risks described below:

We have a limited operating history and there is no assurance we will be able to achieve or maintain profitability.

Aurora Marijuana Inc. was the entity in which our operating business was originally organized. This company was incorporated in 2013 and our business began operations in 2015. We started generating revenues from the sale of cannabis in January 2016. Because we are considered an early-stage enterprise, and due to the disruption and slower than anticipated growth of the cannabis market globally and in Canada, we are subject to all of the associated business risks and uncertainties which include, but are not limited to, under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenues.

We have incurred operating losses in recent periods. We may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, as we explore and implement initiatives to grow our business, we expect to continue to increase operating expenses. If our revenues do not increase to offset these expected increases in costs and operating expenses, we may not be profitable. Our limited operating history may make it difficult for investors to evaluate our prospects for success. There is no assurance that we will be successful in achieving a return on shareholders' investments and the likelihood of success is uncertain in light of the early stage of our operations.

Our business is reliant on the good standing of our licenses.

Our ability to continue our business of cannabis cultivation, storage, and distribution is dependent on the good standing of all of our licenses, authorizations, and permits and adherence to all regulatory requirements related to such activities. We will incur ongoing costs and obligations related to regulatory compliance. Any failure to comply with the terms of the licenses, or to renew the licenses after their expiry dates, would have a material adverse impact on the financial conditions and operations of the business. Although we believe that we will meet the requirements of the *Cannabis Act* for future extensions or renewals of the licenses, there can be no assurance that Health Canada will extend or renew the licenses, or if extended or renewed, that they will be extended or renewed on the same or similar terms. Should Health Canada or the Canada Revenue Agency not extend or renew the licenses, or should they renew the licenses on different terms, our business, financial condition and operations would be materially adversely affected. The same risks may arise when expanding our operations to foreign jurisdictions.

We are committed to regulatory compliance, including but not limited to the maintenance of good production practices and physical security measures required by Health Canada. Failure to comply with regulations may result in additional costs for corrective measures, penalties, or restrictions on our operations. In addition, changes in regulations, more vigorous enforcement thereof, or other unanticipated events could require changes to our operations, increased compliance costs or give rise to material liabilities, which could have an adverse effect on our business, financial condition and operations.

Our Canadian licenses are reliant on our established sites.

The Canadian licenses we hold are specific to individual facilities. Any adverse changes or disruptions to the functionality, security and sanitation of our sites or any other form of non-compliance may put our licenses at risk, and ultimately adversely impact our business, financial condition and operations. As our operations and financial performance may be adversely affected if we are unable to keep up with such requirements, we are committed to the maintenance of our sites and intend to comply with Health Canada and their inspectors as required.

As our business continues to grow, any expansion to or update of our current operating sites, or the introduction of new sites, will require the approval of Health Canada. There is no guarantee that Health Canada will approve any such expansions and/or renovations, which could adversely affect our business, financial condition and operations.

We operate in a highly regulated business and any failure or significant delay in obtaining applicable regulatory approvals could adversely affect our ability to conduct our business.

Achievement of our business objectives is contingent, in part, upon compliance with the regulatory requirements enacted by applicable government authorities, including those imposed by Health Canada, and obtaining all applicable regulatory approvals, where necessary. We cannot predict the time required to secure all appropriate regulatory approvals for our products, or with respect to any activities or our facilities, or the extent of testing and documentation that may be required by government authorities. The impact of regulatory compliance regimes and any delays in obtaining, or failure to obtain, regulatory approvals may significantly delay or impact the development of our business and operations. Non-compliance could also have a material adverse effect on our business, financial condition and operations.

Change in the laws, regulations, and guidelines that impact our business may cause adverse effects on our operations.

Our business is subject to a variety of laws, regulations, and guidelines relating to the marketing, manufacturing, management, transportation, storage, sale, packaging and labeling, disposal and, if necessary, acquisition of cannabis. We are also subject to laws, regulations, and guidelines relating to health and safety, the conduct of operations, taxation of products and the protection of the environment. As the laws, regulations and guidelines pertaining to the cannabis industry are relatively new, it is possible that significant legislative amendments may still be enacted – either provincially or federally – that address current or future regulatory issues or perceived inadequacies in the regulatory framework. Changes to such laws, regulations, and guidelines may cause material adverse effects on our business, financial condition and operations.

The legislative framework pertaining to the Canadian non-medical cannabis market is subject to significant provincial and territorial regulation. The legal framework varies across provinces and territories and results in asymmetric regulatory and market environments. Different competitive pressures, additional compliance requirements, and other costs may limit our ability to participate in such markets.

We compete for market share with a number of competitors and expect even more competitors to enter our market, and many of our current and future competitors may have longer operating histories, more financial resources, and lower costs than us.

As the cannabis market continues to mature, both domestically and internationally, the overall demand for products and the number of competitors are expected to increase. Consumers that once solely relied on the medical cannabis market may shift some, or all, of their consumption or preferences away from medical cannabis and towards consumer cannabis. The *Cannabis Act* also permits patients to produce a limited amount of cannabis for their own purposes or to designate a person to produce a limited amount of cannabis on their behalf. Such shifts in market demand, and other factors that we cannot currently anticipate, could potentially reduce the market for our products, which could ultimately have a material adverse effect on our business, financial condition and operations.

Some companies may have significantly greater financial, technical, marketing, and other resources compared to us. Such companies may be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships. Such competition may make it difficult to enter into supply agreements, negotiate favourable prices, recruit or retain qualified employees, and acquire the capital necessary to fund our capital investments.

In addition, there are currently hundreds of applications for licensed producer's status being processed by Health Canada. The number of licenses granted, and the number of licensed producers ultimately authorized by Health Canada, could have an adverse impact on our ability to compete for market share in Canada's cannabis market. We also face competition from illegal cannabis dispensaries, who do not have a valid license, that are selling cannabis to individuals.

In order for us to be competitive, we will need to invest significantly in research and development, market development, marketing, production expansion, new client identification, distribution channels, and client support. If we are not successful in obtaining sufficient resources to invest in these areas, our ability to compete in the market may be adversely affected, which could materially and adversely affect our business, financial conditions and operations.

Our future success depends upon our ability to maintain competitive production costs through increased production, economies of scale and our ability to recognize higher margins through the sale of higher margin products. To the extent that we are not able to continue to produce our products at competitive prices or consumers prioritize established low margin products over innovative, higher margin products, our business, financial conditions and operations could be materially adversely affected.

Selling prices and the cost of cannabis production may vary based on a number of factors outside of our control.

Our revenues are in a large part derived from the production, sale, and distribution of cannabis. The cost of production, sale, and distribution of cannabis is dependent on a number of key inputs and their related costs, including equipment and supplies, labour and raw materials related to our growing operations, as well other overhead costs such as electricity, water, and utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs, including an inability to secure required supplies and services or to do so on appropriate terms could materially and adversely impact our business, financial condition, and results of operations. This includes any change in the selling price of products set by the applicable province or territory. There is currently no established market price for cannabis and the price of cannabis is affected by numerous factors beyond our control. Any price decline may have a material adverse effect on our business, financial condition and operations.

We may not be able to realize our growth targets.

Our ability to continue the production of cannabis products at the same pace as we are currently producing, or at all, and our ability to continue to increase both our production capacity and our production volumes, may be affected by a number of factors, including plant design errors, non-performance by third party contractors, increases in materials or labour costs, construction performance falling below expected levels of output or efficiency, contractor or operator errors, breakdowns, aging or failure of equipment or processes, and labour disputes. Factors specifically related to indoor agricultural and processing practices, such as reliance on provision of energy and utilities to our facilities, those specifically related to outdoor cultivation practices, such as droughts, environmental pollution and inadvertent contamination, and any major incidents or catastrophic events affecting the premises, such as fires, explosions, earthquakes or storms, may all materially and adversely impact the growth of our business.

The continuance of our contractual relations with provincial and territorial governments cannot be guaranteed.

Part of our current revenues depend upon our supply contracts with the various Canadian provinces and territories. There are many factors which could impact our contractual agreements and alterations to, or the termination of, such contracts may adversely impact our business, financial condition and operations.

Our continued growth may require additional financing, which may not be available on acceptable terms or at all.

Our continued development may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of our current business strategy or our ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be available on favorable terms. If additional funds are raised through issuances of equity, equity-linked securities, or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences, and privileges superior to those of holders of Common Shares. In addition, from time to time, we may enter into transactions to acquire assets or equity securities of other companies. These transactions may be financed wholly or partially with debt, which may increase our debt levels above industry standards and our ability to service such debt. Any debt financing obtained in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which could make it more difficult for us to obtain additional capital and pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, entitle lenders to accelerate repayment of debt and there is no assurance that we would be able to repay such debt in such an event or prevent the enforcement of security, if any, granted pursuant to such debt financing.

Any default under our existing debt that is not waived by the applicable lenders could materially adversely impact our results of operations and financial results and may have a material adverse effect on the trading price of our Common Shares.

The Company is required to comply with the covenants in its Credit Facility and convertible senior notes due February 28, 2024, including the payment of interest and debt services covenants pursuant to the Credit Facility. These covenants could reduce the Company's flexibility in conducting the Company's operations by limiting the Company's ability to borrow money, or acquire or dispose of assets and conduct other corporate activity, and may create a risk of default on the Company's debt (including by a cross-default to other credit agreements) if the Company cannot satisfy or continue to satisfy these covenants. In the past, the Company has negotiated amendments to its Credit Facility to ensure that its debt service covenants are not triggered. If the Company cannot comply with a debt covenant or anticipates that it will be unable to comply with a debt covenant under the Credit Facility in the future or under any other debt instrument it s party to, management may seek a waiver and/or amendment to the Credit Facility or other applicable debt instrument in respect of any such covenant in order to avoid any breach or default that might otherwise result therefrom. If the Company defaults under the Credit Facility or other debt instruments and the default is not waived by the lenders, the debt extended pursuant to all of its debt instruments could become due and payable prior to its stated due date. If such event were to occur, the Company cannot give any assurance that (i) its lenders will agree to any covenant amendments or waive any covenant breaches or defaults that may occur under the Credit Facility or other applicable debt instruments, and (ii) it could pay this debt if it became due prior to its stated due date. Accordingly, any default by the Company under its existing debt that is not waived by the applicable lenders could materially adversely impact the Company's results of operations and financial results and may have a material adverse effect on the trading price of its common shares.

We may not be able to successfully develop new products or find a market for their sale.

The medical and non-medical cannabis industries are in their early stages of development and it is likely that we, and our competitors, will seek to introduce new products in the future. In attempting to keep pace with any new market developments, we may need to expend significant amounts of capital in order to successfully develop and generate revenues from new products introduced by us. As well, we may be required to obtain additional regulatory approvals from Health Canada and any other applicable regulatory authorities, which may take significant amounts of time and entail significant costs. We may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on our business, financial condition and operations.

As the cannabis market continues to mature, our products may become obsolete, less competitive, or less marketable.

Because the cannabis market and associated products and technology are rapidly evolving, both domestically and internationally, we may be unable to anticipate and/or respond to developments in a timely and cost-efficient manner. The process of developing our products is complex and requires significant costs, development efforts, and third-party commitments. Our failure to develop new products and technologies and the potential disuse of our existing products and technologies could adversely affect our business, financial condition and operations. Our success will depend, in part, on our ability to continually invest in research and development and enhance our existing technologies and products in a competitive manner.

Restrictions on branding and advertising may negatively impact our ability to attract and retain customers.

Our success depends on our ability to attract and retain customers. The *Cannabis Act* strictly regulates the way cannabis is packaged, labelled, and displayed. The associated provisions are quite broad and are subject to change. It is currently prohibited to use testimonials and endorsements, depict people, characters and

animals and produce any packaging that may be appealing to young people. The restrictions on packaging, labelling, and the display of our cannabis products may adversely impact our ability to establish brand presence, acquire new customers, retain existing customers and maintain a loyal customer base. This may ultimately have a material adverse effect on our business, financial conditions and operations.

The cannabis business may be subject to unfavorable publicity or consumer perception.

The success of the cannabis industry may be significantly influenced by the public's perception of cannabis. Cannabis is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion, and public opinion relating to cannabis will be favorable. Consumer perception of our products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for our products and our business, financial condition, results of operations and prospects. Our dependence upon consumer perception means that adverse scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity, whether or not accurate or with merit, could have a material adverse effect on us, the demand for products, and our business, financial condition, results of operations and prospects. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or our products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect on us. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately, or as directed.

Third parties with whom we do business may perceive themselves as being exposed to reputational risk by virtue of their relationship with us and may ultimately elect to discontinue their relationships with us.

The parties with which we do business may perceive that they are exposed to reputational risk as a result of our cannabis business activities. In particular, while we attempt to conduct our cannabis-related business activities in compliance with all laws, negative perceptions of cannabis-related activities could cause the parties with whom we do business to discontinue their relationships with us and may cause potential counterparties to decline to do business with us. These risks may increase during periods in jurisdictions where cannabis-related activities are illegal and where jurisdictions focus their enforcement efforts on eliminating such activities. Failure to establish or maintain business relationships could have a material adverse effect on our business, financial condition and operations.

There may be unknown health impacts associated with the use of cannabis and cannabis derivative products.

There is little in the way of longitudinal studies on the short-term and long-term effects of cannabis use on human health, whether used for recreational or medicinal purposes. As such, there are inherent risks associated with using the Company's cannabis and cannabis derivative products. The Company's cannabis and cannabis derivative products should always be used only as specifically instructed by the Company on the packaging and associated product information or product insert prepared by the Company. Consumers should never modify cannabis products or cannabis derivative products or add substances to such products as this may result in increased health risks and unpredictable adverse reactions. Previously unknown or unforeseeable adverse reactions arising from human consumption of cannabis products may occur and consumers should consume cannabis at their own risk or in accordance with the direction of a health care practitioner.

We may enter into strategic alliances or expand the scope of currently existing relationships with third parties that we believe complement our business, financial condition and results of operation and there are risks associated with such activities.

We have entered into, and may in the future enter into, strategic alliances with third parties that we believe will complement or augment our existing business. Our ability to complete and develop strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen regulatory issues, integration obstacles or costs, may not enhance our business, and may involve risks that could adversely affect us, including significant amounts of management time that may be diverted from current operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that our existing strategic alliances will continue to achieve, the expected benefits to our business or that we will be able to consummate future strategic alliances on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on our business, financial condition and operations.

Our success will depend on attracting and retaining key personnel.

Our success will depend on our directors' and officers' ability to develop and execute our business strategies and manage our ongoing operations, as well as our ability to attract and retain key personnel. Competition for qualified professionals, technical, sales and marketing staff, as well as officers and directors can be intense, and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations. While employment and consulting agreements are customary, these agreements cannot assure the continued services of such individuals.

Further, as a Licensed Producer under the *Cannabis Act*, certain key personnel are required to obtain a security clearance by Health Canada. Licenses will not be granted until all key personnel have been granted security clearance. Under the *Cannabis Act*, a security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of our existing or future key personnel will be able to obtain or renew such clearances. A failure by key personnel to maintain or renew their security clearance could result in a material adverse effect on our business, financial condition and operations. There is also a risk that if key personnel leave the Company, we may not be able to find a suitable replacement that can obtain a security clearance in a timely manner, or at all.

Certain of our directors and officers may have conflicts of interests due to other business relationships.

The Company may be subject to potential conflicts of interest as some of its officers and directors may be engaged in a range of other business activities. The Company's executive officers and directors are permitted to devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations.

The Company may also become involved in other transactions which conflict with the interests of its directors and officers who may, from time to time, deal with persons, institutions or corporations with which the Company may be dealing, or which may be seeking investments similar to those the Company desires. The interests of these persons could conflict with the Company's interests. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Board, a director who has such a conflict will abstain from voting for or against the approval thereof in accordance with applicable laws. In accordance with applicable laws, the Company's directors are required to act honestly, in good faith and in the Company's best interests.

Future expansion efforts may not be successful.

There is no guarantee that the Company's current expansion strategy will be completed in the currently proposed form, if at all, nor is there any guarantee that the Company will be able to expand into additional jurisdictions. There is also no guarantee that expansions to our marketing and sales initiatives will be successful. Any such activities will require, among other things, various regulatory approvals, licenses and permits (such as additional licenses from Health Canada under the *Cannabis Act*) and there is no guarantee that all required approvals, licenses and permits will be obtained in a timely fashion or at all. There is also no guarantee that we will be able to complete any of the foregoing activities as anticipated or at all. Our failure to successfully execute our expansion strategy could adversely affect our business, financial condition and operations and may result in our failing to meet anticipated or future demand for products, when and if it arises.

In addition, the construction (or remaining construction) of any current or future facilities is subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond our control, including the failure to obtain regulatory approvals, permits, delays in the delivery or installation of equipment by our suppliers, difficulties in integrating new equipment with its existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, or insufficient funding or other resource constraints. Moreover, actual costs for construction may exceed our budgets. As a result of construction delays, cost overruns, changes in market circumstances or other factors, we may not be able to achieve the intended economic benefits, which in turn may materially and adversely affect our business, prospects, financial condition and operations.

We have expanded and intend to further expand our business and operations into jurisdictions outside of Canada, and there are risks associated with doing so.

As international demand grows, we intend to consider the expansion of our operations and business into jurisdictions outside of Canada, some of which are emerging markets, but there can be no assurance that any market for our products will develop in any such foreign jurisdiction. The continuation or expansion of our operations internationally will depend on our ability to renew or secure the necessary permits, licenses, or other approvals in those jurisdictions. An agency's denial of or delay in issuing or renewing a permit, license, or other approval, or revocation or substantial modification of an existing permit or approval, could prevent us from continuing our operations in or exports to other countries.

Operations in non-Canadian markets may expose us to new or unexpected risks or significantly increase our exposure to one or more existing risk factors. Some governmental regulations may require us to award contracts in, employ citizens of, and/or purchase supplies from the jurisdiction. These factors may limit our capability to successfully expand our operations and may have a material adverse effect on our business, financial condition and operations.

In addition, we are further subject to a wide variety of laws and regulations domestically and internationally with respect to the flow of funds and product across international borders and the amount of medical cannabis we export may be limited by the various drug control conventions to which Canada is a signatory.

While we continue to monitor developments and policies in the emerging markets in which we operate and assess the impact thereof to our operations, such developments cannot be accurately predicted and could have an adverse effect on the Corporation's business, operations or profitability.

Our business may be affected by political and economic instability.

We may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates, and high rates of inflation. Changes in medical and agricultural development or investment policies or shifts in political viewpoints of certain countries may adversely affect our business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls,

income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people, and water use. The effect of these factors cannot be accurately predicted.

We rely on international advisors and consultants in foreign jurisdictions.

The legal and regulatory requirements in the foreign countries in which we currently or intend to operate are different from those in Canada. Our officers and directors must rely, to a great extent, on local legal counsel and consultants in order to ensure our compliance with material legal, regulatory and governmental developments as they pertain to and affect our business operations, to assist with governmental relations and enhance our understanding of and appreciation for the local business culture and practices. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond our control. The impact of any such changes may adversely affect our business, financial condition and operations.

Failure to comply with the Corruption of Foreign Public Officials Act (Canada) ("CFPOA") and the Foreign Corrupt Practices Act (United States) ("FCPA"), as well as the anti-bribery laws of the other nations in which we conduct business, could subject us to penalties and other adverse consequences.

We are subject to the CFPOA and the FCPA, which generally prohibit companies and their employees from engaging in bribery, kickbacks or making other prohibited payments to foreign officials for the purpose of obtaining or retaining business. The CFPOA and the FCPA also require companies to maintain accurate books and records and internal controls, including at foreign controlled subsidiaries. In addition, we are subject to other anti-bribery laws of other countries in which we conduct, or will conduct, business that apply similar prohibitions as the CFPOA and FCPA (e.g. the Organization for Economic Co-operation and Development Anti-Bribery Convention). Our employees or other agents may, without our knowledge and despite our efforts, engage in prohibited conduct under our policies and procedures and the CFPOA, the FCPA, or other anti-bribery laws to which we may be subject for which we may be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and operations.

We may be subject to uninsured or uninsurable risks.

While we may have insurance to protect our assets, operations, and employees, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which we are exposed. No assurance can be given that such insurance will be adequate to cover our liabilities or that it will be available in the future or at all, and that it will be commercially justifiable. We may be subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our normal business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our business, financial condition and operations.

We may be subject to product liability claims.

As a manufacturer and distributor of products designed to be inhaled and ingested by humans, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. We may be subject to various product liability claims, including, among others, that the products produced by us caused or contributed to injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against us could result in increased costs, adversely affect our reputation and goodwill with our customers, and could have a material adverse effect on our business, financial condition and operations. There can be no assurances that we will

be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of such products.

Our cannabis products may be subject to recalls for a variety of reasons.

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by us are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. We may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although we have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits, whether frivolous or otherwise. Additionally, if any of the products produced by us were subject to recall, the reputation and goodwill of that product and/or us could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for our products and could have a material adverse effect on our business, financial condition and results of operations. Additionally, product recalls may lead to increased scrutiny of our operations by Health Canada or other regulatory agencies, requiring further management attention, increased compliance costs and potential legal fees, fines, penalties and other expenses. Furthermore, any product recall affecting the cannabis industry more broadly could lead consumers to lose confidence in the safety and security of the products sold by holders of licenses under the *Cannabis Act* generally, which could have a material adverse effect on our business, financial condition and operations.

We may become party to litigation, mediation, and/or arbitration from time to time.

We may become party to regulatory proceedings, litigation, mediation, and/or arbitration from time to time in the ordinary course of business, which could adversely affect our business, financial condition and operations. Monitoring and defending against legal actions, with or without merit, can be time-consuming, divert management's attention and resources and can cause us to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and we could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. While we have insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact our business, financial condition, or operations. Litigation, and any decision resulting therefrom, may also create a negative perception of our company. We are currently subject to class action proceedings in both the United States and Canada (as further detailed herein). Though we believe these to be without merit and intend to vigorously defend against the claims, there is no assurance that we will be successful.

The transportation of our products is subject to security risks and disruptions.

We depend on fast, cost-effective, and efficient courier services to distribute our product to both wholesale and retail customers. Any prolonged disruption of these courier services could have an adverse effect on our business, financial condition and operations. Rising costs associated with the courier service we use to ship our products may also adversely impact our business and our ability to operate profitably.

Due to the nature of our products, security during transportation is of the utmost concern. Any breach of the security measures during the transport or delivery of our products, including any failure to comply with recommendations or requirements of government regulators, whether intentional or not, could have a materially adverse impact on our ability to continue operating under our current licenses and may potentially impact our ability to renew such licenses.

Our business is subject to the risks inherent in agricultural operations.

Since our business revolves mainly around the growth and processing of cannabis, an agricultural product, the risks inherent with agricultural businesses apply to our business. Such risks may include disease and insect pests, among others. Cannabis growing operations consume considerable energy and any rise in energy costs may have a material adverse effect on our ability to produce cannabis.

Although we currently grow, and expect to grow, most of our cannabis in climate-controlled, monitored, indoor locations, some of our production takes place outdoors and there is no guarantee that changes in outside weather and climate will not adversely affect such production. Like other agricultural products, the quality of cannabis grown outdoors is affected by weather and the environment, which can change the quality or size of the harvest. If a weather event is particularly severe, such as a major drought or hurricane, the affected harvest could be destroyed or damaged to an extent that results in lost revenues. In addition, other items may affect the marketability of cannabis grown outdoors, including, among other things, the presence of non-cannabis related material, genetically modified organisms and excess residues of pesticides, fungicides, and herbicides. High degrees of quality variance can affect processing velocity and capacity utilization, as the process required to potentially upgrade lower quality product requires significant time and resources. There can be no assurance that natural elements will not have a material adverse effect on the production of our products and ultimately our business, financial condition and operations.

Our operations are subject to various environmental and employee health and safety regulations.

Our operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air, and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. We incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to obtain an environmental compliance approval under applicable regulations or otherwise comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof, or other unanticipated events could require extensive changes to our operations or give rise to material liabilities, which could have a material adverse effect on our business, financial condition and operations.

We may not be able to protect our intellectual property.

Our success depends in part on our ability to protect our ideas and technology. Even if we move to protect our technology with trademarks, patents, copyrights or by other means, we are not assured that competitors will not develop similar technology and business methods or that we will be able to exercise our legal rights. Other countries may not protect intellectual property rights to the same standards as does Canada, particularly in the United States where cannabis remains federally illegal. Policing the unauthorized use of current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources such that said actions may have a materially adverse impact our ability to successfully grow our business. An adverse result in any litigation or defense proceedings could put one or more of the trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect our business, financial condition and operations.

We may experience breaches of security at our facilities or in respect of electronic documents and data storage and may face risks related to breaches of applicable privacy laws.

Given the nature of our product and its lack of legal availability outside of channels approved by the Government of Canada, as well as the concentration of inventory in our facilities, despite meeting or exceeding Health Canada's security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of our facilities could expose us to additional liability, potentially costly litigation, increased expenses relating to the resolution and future prevention of these breaches and may deter potential customers from choosing our products.

In addition, we collect and store personal information about our customers and are responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Data theft for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence, or through a deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on our business, reputation, financial condition and results of operations.

Furthermore, there are several federal and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the privacy rules under the *Personal Information Protection and Electronics Documents Act* (Canada) ("PIPEDA"), protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose. If we were found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the confidentiality of patient health information, we could be subject to sanctions and civil or criminal penalties, which could increase our liabilities, harm our reputation, and have a material adverse effect on our business, financial condition and operations.

We may be subject to risks related to our information technology systems, including cyber-attacks.

We have entered into agreements with third parties for hardware, software, telecommunications and other information technology services in connection with our operations. Our operations depend, in part, on how well we and our suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. Our operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems, depending on the nature of any such failure, could adversely impact our business, financial condition and operations.

Cyber-attacks could result in important remediation costs, increased cyber security costs, lost revenues due to a disruption of activities, litigation, and reputational harm affecting customer and investor confidence, which ultimately could materially adversely affect our business, financial condition and operations.

We have not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that we will not incur such losses in the future. Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

We may not be able to successfully identify and execute future acquisitions or dispositions, or to successfully manage the impacts of such transactions on our operations.

Over the past few years, we have completed a number of acquisitions, including our acquisitions of MedReleaf, CanniMed and Reliva. Material acquisitions, dispositions, and other strategic transactions involve a number of risks, including: (i) potential disruption of our ongoing business; (ii) distraction of management; (iii) increased financial leverage; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully, or at all, or may take longer to realize than expected; (v) increased scope and complexity of our operations; and (vi) loss or reduction of control over certain of our assets.

The presence of one or more material liabilities and/or commitments of an acquired company that are unknown to us at the time of acquisition could have a material adverse effect on our business, financial condition and operations. A strategic transaction may result in a significant change in the nature of our business, operations and strategy. In addition, we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our existing operations.

As a holding company, Aurora Cannabis Inc. is dependent on its operating subsidiaries to pay dividends and other obligations.

Aurora Cannabis Inc. is a holding company. Essentially all of our operating assets are the capital stock of the Company's subsidiaries and substantially all of our business is conducted through subsidiaries which are separate legal entities. Consequently, our cash flows and ability to pursue future business and expansion opportunities are dependent on the earnings of our subsidiaries and the distribution of those earnings to us. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us.

The price of our Common Shares has historically been volatile. This volatility may affect the value of your investment in Aurora, the price at which you could sell our Common Shares and the sale of substantial amounts of our Common Shares could adversely affect the price of our Common Shares and the value of your convertible debentures/notes.

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following:

- actual or anticipated fluctuations in the Company's results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the same industry in which the Company operates;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Common Shares;
- sales or perceived sales of additional Common Shares;
- operating and financial performance that varies significantly from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Company's industry, business and operations;
- announcements of developments and other material events by the Company or its competitors;
- fluctuations in the costs of vital production inputs, materials and services;
- changes in global financial markets, global economies and general market conditions, such as interest rates and product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;

- operating and share price performance of other companies that investors deem comparable to the Company; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values, or prospects of such companies. Such volatility has been particularly evident with regards to the share prices of medical cannabis companies that are public issuers in Canada. Accordingly, the market price of Common Shares may decline even if our operating results, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in share price and volume will not occur. If such increased levels of volatility and market turmoil continue, our operations could be adversely impacted, and the trading price of Common Shares may be materially adversely affected.

Future sales or issuances of equity securities could decrease the value of our Common Shares, dilute investors' voting power, and reduce our earnings per share.

We may sell or issue additional equity securities in subsequent offerings (including through the sale of securities convertible into equity securities and the issuance of equity securities in connection with acquisitions). We cannot predict the size of future issuances of equity securities or the size and terms of future issuances of debt instruments or other securities convertible into equity securities or the effect, if any, that future issuances and sales of our securities will have on the market price of our Common Shares.

Additional issuances of our securities may involve the issuance of a significant number of Common Shares at prices less than the current market prices. Issuances of a substantial number of Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices of our Common Shares. Any transaction involving the issuance of previously authorized but unissued Common Shares, or securities convertible into Common Shares, may result in significant dilution to security holders.

Sales of substantial amounts of our securities by us or our existing shareholders, or the availability of such securities for sale, could adversely affect the prevailing market prices for our securities and dilute investors' earnings per share. Exercises of presently outstanding share options or warrants may also result in dilution to security holders. A decline in the market prices of our securities could impair our ability to raise additional or sufficient capital through the sale of securities should we desire to do so.

Our management will have substantial discretion concerning the use of proceeds from future share sales and financing transactions.

Our management will have substantial discretion concerning the use of proceeds from any future share sales and financing transactions, as well as the timing of the expenditure of the proceeds thereof. As a result, investors will be relying on the judgment of management as to the specific application of the proceeds of any future sales. Management may use the net proceeds in ways that an investor may not consider desirable. The results and effectiveness of the application of the net proceeds are uncertain.

The regulated nature of our business may impede or discourage a takeover, which could reduce the market price of our Common Shares and the value of any outstanding convertible debentures/notes.

We require and hold various government licenses to operate our business, which would not necessarily continue to apply to an acquirer of our business following a change of control. These licensing requirements could impede a merger, amalgamation, takeover, or other business combination involving us or discourage a potential acquirer from making a tender offer for our Common Shares, which, under certain circumstances, could reduce the market price of our Common Shares.

There is no assurance we will continue to meet the listing standards of the NYSE and the TSX.

We must meet continuing listing standards to maintain the listing of our Common Shares on the NYSE and the TSX. If we fail to comply with listing standards and the NYSE and/or the TSX delists our Common Shares, we and our shareholders could face significant material adverse consequences, including:

- a limited availability of market quotations for our Common Shares;
- reduced liquidity for our Common Shares;
- a determination that our Common Shares are "penny stock", which would require brokers trading in our Common Shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our Common Shares;
- a limited amount of news and analyst coverage of us; and
- a decreased ability for us to issue additional equity securities or obtain additional equity or debt financing in the future.

As a public company, the business is subject to evolving corporate governance and public disclosure regulations that may from time to time increase both the Company's compliance costs and the risk of non-compliance, which could adversely impact the price of the Common Shares.

Failure to develop and maintain an effective system of internal controls increases the risk that we may not be able to accurately and reliably report our financial results or prevent fraud, which may harm our business, the trading price of our Common Shares and market value of other securities.

Under Section 404 of the Sarbanes-Oxley Act ("SOX"), we are required to design, document and test the effectiveness of our internal controls over financial reporting ("ICFR") during the fiscal year ended June 30, 2020. ICFR are designed to provide reasonable assurance that the Company's financial reporting is reliable and that its financial statements have been prepared in accordance with IFRS. Regardless of how well controls are designed, internal controls have inherent limitations and can only provide reasonable assurance that the controls are meeting the Company's objectives in providing reliable financial reporting information in accordance with IFRS. Effective internal controls are required for us to provide reasonable assurance that our financial results and other financial information are accurate and reliable. Any failure to design, develop or maintain effective controls, or difficulties encountered in implementing, improving or remediation lapses in internal controls may affect our ability to prevent fraud, detect material misstatements, and fulfill our reporting obligations. As a result, investors may lose confidence in our ability to report timely, accurate and reliable financial and other information, which may expose us to certain legal or regulatory actions, thus negatively impacting our business, the trading process of our Common Shares and market value of other securities.

The Company is a Canadian company and shareholder protections may differ from shareholder protections in the United States and elsewhere.

We are organized and exist under the laws of British Columbia, Canada and, accordingly, are governed by the BCBCA. The BCBCA differs in certain material respects from laws generally applicable to United States corporations and shareholders, including the provisions and proceedings relating to interested directors, mergers, amalgamations, restructuring, takeovers, shareholders' suits, indemnification of directors, and inspection of corporation records.

The Company is a foreign private issuer within the meaning of the rules under the U.S. Exchange Act, and as such is exempt from certain provisions applicable to United States domestic issuers.

Because we are a "foreign private issuer" under the U.S. Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the U.S. Exchange Act requiring the filing of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC;

- the sections of the U.S. Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of securities registered under the U.S. Exchange Act;
- the sections of the U.S. Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material non-public information under Regulation FD.

We are required to file an annual report on Form 40-F with the United States Securities and Exchange Commission ("SEC") within three months of the end of each fiscal year. We do not intend to voluntarily file annual reports on Form 10-K and quarterly reports on Form 10-Q in lieu of Form 40-F requirements. For so long as we choose to only comply with foreign private issuer requirements, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information which would be made available to you if you were investing in a U.S. domestic issuer.

Our employees and counterparties may be subject to potential U.S. entry restrictions as a result of their relationship with us.

A foreign visitor who is involved either directly or indirectly in the cannabis industry may be subject to increased border scrutiny when attempting to enter the United States. Multiple states have legalized aspects of cannabis production, sale and consumption; however, cannabis remains illegal federally in the United States. The U.S. Customs and Border Protection previously advised that border agents may deem a foreign visitor who is involved, either directly or indirectly, in a state-legal cannabis industry as inadmissible. While unassociated trips to the United States may not result in problems entering the U.S., a foreign visitor attempting to enter the U.S. to proliferate cannabis-associated business may be deemed inadmissible, at the discretion of the border agents. As a company with operations in both the U.S. and Canada, inability of our employees or counterparties to enter the United States could harm our ability to conduct our business.

Participants in the cannabis industry may have difficulty accessing the service of banks and financial institutions, which may make it difficult for us to operate.

Because cannabis remains illegal federally in the United States, U.S. banks and financial institutions remain wary of accepting funds from businesses in the cannabis industry, as such funds may technically be considered proceeds of crime. Consequently, businesses involved in the cannabis industry continue to have trouble establishing banking infrastructure and relationships. The inability or limitation on our ability to open or maintain a bank account in the U.S. or other foreign jurisdictions, obtain other banking services and/or accept credit card and debit card payments may make it difficult to operate and conduct business in the United States or other foreign jurisdictions.

Our business may be subject to disruptions as a result of the COVID-19 pandemic.

We are closely monitoring the rapid evolution of COVID-19 with a focus on the jurisdictions in which the Company and its subsidiaries operate. During this period of uncertainty, it is our priority to safeguard the health and safety of our personnel, support and enforce government actions to slow the spread of COVID-19, and continually assess and mitigate the risks to our business operations. We have taken responsible measures to maximize the safety of staff working at all of its facilities. This includes reorganizing physical layouts, adjusting schedules to improve physical distancing, implementing extra health screening measures for employees and applying rigorous standards for personal protective equipment. The Company continues to maintain regular communications with legal and government representatives, suppliers, customers and business partners to identify and monitor any potential risks to our ongoing operations. As at the date of this AIF, the production and sale of cannabis has been recognized as an essential service across Canada and Europe. Consumer cannabis sales in Canada are primarily with government bodies, which continue to offer end customers online ordering and home delivery options. Consumer market retail stores are generally permitted to remain open in Canada subject to adhering to the required social distancing measures. All of our facilities in Canada and

internationally continue to be operational and we continue to work closely with local, national and international governmental authorities to ensure that we are following the required protocols and guidelines related to COVID-19 within each region. Although there have not been any significant impacts to our operations to date, we cannot provide assurance that there will not be disruptions to its operations in the future.

Reliva's operations in the United States may be impacted by regulatory action and approvals from the Food and Drug Administration.

Reliva sells and distributes certain products containing hemp-derived CBD, and as such, there is a risk that the FDA or state or local Departments of Health will seek to stop Reliva from selling its products or seek to have the claims made for those products revised.

On December 20, 2018, the *Agricultural Improvement Act, H.R. 25* ("**2018 Farm Bill**"), which included the language of the Hemp Farming Act of 2018, removed industrial hemp and hemp-derived products with a THC concentration of not more than 0.3 percent (dry weight basis) from Schedule I of the *Controlled Substances Act*. This has the effect of legalizing the cultivation of industrial hemp for commercial purposes, including the production of CBD and other cannabinoids, except for THC, subject to regulations to be developed by the U.S. Department of Agriculture.

CBD is increasingly used as an ingredient in food and beverages, as an ingredient in dietary supplements and as an ingredient in cosmetics, thereby generating new investments and creating employment in the cultivation and processing of hemp and hemp-derived products. Foods and beverages, dietary supplements, pharmaceuticals, and cosmetics containing CBD are all subject to regulation under the *Federal Food, Drug and Cosmetics Act* ("**FDCA**"). The FDA has asserted that CBD is not a lawful ingredient in foods and beverages, supplements and pharmaceuticals (unless FDA-approved), although the FDA has generally refrained from taking enforcement action against those products.

CBD-containing products may also be subject to the jurisdiction of state and local health authorities. In recent years, the FDA has issued letters to a number of companies selling products that contain CBD oil derived from hemp, warning them that the marketing of their products violates the FDCA. Although the Company, through Reliva, works to maintain compliance with all applicable regulatory requirements, any potential FDA enforcement action against the Company or Reliva could result in a number of negative consequences, including fines, disgorgement of profits, recalls or seizures of products, or a partial or total suspension of the Company's or Reliva's production or distribution of its products. Any such event could have a material adverse effect on our business, financial condition or operations.

DIVIDENDS AND DISTRIBUTIONS

Aurora has not declared nor paid any cash dividends on any of its issued shares since its inception. Other than requirements imposed under applicable corporate law, there are no other restrictions on the Company's ability to pay dividends under the Company's constating documents.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of Common Shares without par value, an unlimited number of Class A shares with a par value of $1.00 each; and an unlimited number of Class B shares with a par value of $5.00 each.

Common Shares

Each Common Share carries the right to attend and vote at all general meetings of shareholders. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available for the payment of dividends and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Class A Shares

Class A shares may be issued from time to time in one or more series, and the directors may fix from time to time before such issue the number of Class A shares of each series and the designation, rights and restrictions attached thereto including any voting rights, dividend rights, redemption, purchase or conversion rights, sinking fund or other provisions. The Class A shares rank in priority over Common Shares and any other shares ranking by their terms junior to the Class A shares as to dividends and return of capital upon liquidation, dissolution or winding up of the Company or any other return of capital or distribution of the assets of the Company.

Class B Shares

Class B shares may be issued from time to time in one or more series, and the directors may fix from time to time before such issue the number of Class B shares of each series and the designation, rights and privileges attached thereto including any voting rights, dividend rights, redemption, purchase or conversion rights, sinking fund or other provisions. The Class B shares rank in priority over Common Shares and any other shares ranking by their terms junior to the Class B shares as to dividends and return of capital upon liquidation, dissolution or winding up of the Company or any other return of capital or distribution of the assets of the Company.

As of September 22, 2020, there were 121,528,720 Common Shares issued and outstanding and 176,925,354 on a fully-diluted basis. No Class A Shares or Class B Shares are issued or outstanding.

As of September 22, 2020, the dilutive securities are summarized as follows:

Security Type	Common Shares Issuable (#)	Exercise price (average) ($)	Cash proceeds or debt reduction if exercised ($)
Warrants (1)	1,078,747	77.36	83,446,796
Stock Options	5,324,821	88.74	472,516,532
Convertible Debentures	47,737,650	US 7.23	459,195,000
Restricted Share Units (“RSUs”) (2)	810,669	—	—
Performance Share Units (“PSUs”) (2)(3)	419,442	—	—
Deferred Share Units (“DSUs”) (2)	25,305	—	—

Notes:

(1) Details of warrants outstanding: (i) 473,713 common share purchase warrants exercisable at a price of $48.00 until November 2, 2020; (ii) 53 common share purchase warrants exercisable at a price of $36.00 until November 2, 2020; (iii) 514,486 common share purchase warrants exercisable at a price of $112.46 until August 9, 2023; (iv) 13,706 common share purchase warrants exercisable at a price of $116.09 until August 22, 2024; (v) and 76,789 common share purchase warrants exercisable at a price of $16.36 until May 29, 2025.

(2) RSUs, PSUs and DSUs do not have an exercise price and no cash proceeds are required upon release of the units.
(3) Subject to shareholder approval at the annual general and special meeting to be held on November 12, 2020.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares have been listed on the TSX under the trading symbol “ACB” since July 24, 2017. The following tables set forth information relating to the trading of the Common Shares on the TSX for the months indicated.

Month	TSX Price Range		Total Volume
	High	Low	
July 2019	123.12	94.80	5,639,183
August 2019	114.12	86.04	7,876,835
September 2019	102.84	66.88	9,404,151
October 2019	74.28	55.08	12,114,312
November 2019	61.80	33.84	21,814,914
December 2019	43.32	29.40	14,691,776
January 2020	36.24	23.52	17,038,165
February 2020	35.04	21.36	13,482,771
March 2020	22.80	10.44	21,282,474
April 2020	15.60	11.04	13,017,486
May 2020	26.79	7.50	75,656,069
June 2020	21.30	16.20	44,275,334

Prior Sales

During the year ended June 30, 2020, the Company issued the following securities, which are convertible into Common Shares but are not listed or quoted on a marketplace:

Date of Issuance	Type of Security Issued	Number of Common Shares Issuable Upon Exercise or Conversion	Exercise or Conversion Price Per Common Share
Stock Options			
July 2, 2019	Stock Options	16,666	$123.12
July 3, 2019	Stock Options	20,833	$119.88
July 4, 2019	Stock Options	6,666	$120.00
July 8, 2019	Stock Options	9,166	$118.32
July 12, 2019	Stock Options	2,500	$112.44
July 16, 2019	Stock Options	8,333	$109.56
July 19, 2019	Stock Options	5,000	$108.60
July 29, 2019	Stock Options	8,333	$101.28
August 7, 2019	Stock Options	3,333	$108.60
August 28, 2019	Stock Options	6,667	$88.80
September 10, 2019	Stock Options	352,490	$94.92
September 13, 2019	Stock Options	5,309	$93.00
September 18, 2019	Stock Options	2,253	$83.88
September 19, 2019	Stock Options	880	$84.24
September 24, 2019	Stock Options	972	$80.64
September 27, 2019	Stock Options	3,086	$75.84
September 30, 2019	Stock Options	350	$73.44
October 1, 2019	Stock Options	4,144	$69.84
October 3, 2019	Stock Options	2,331	$66.72
October 8, 2019	Stock Options	118	$66.00
October 9, 2019	Stock Options	150	$66.24
October 21, 2019	Stock Options	4,446	$57.72
October 24, 2019	Stock Options	1,414	$57.84
November 1, 2019	Stock Options	1,217	$56.64
November 6, 2019	Stock Options	8,333	$59.16
November 7, 2019	Stock Options	2,066	$59.04
November 8, 2019	Stock Options	11,667	$56.52
November 14, 2019	Stock Options	1,770	$56.28
November 21, 2019	Stock Options	1,064	$42.00
November 25, 2019	Stock Options	1,068	$42.96
November 28, 2019	Stock Options	4,550	$40.32
December 5, 2019	Stock Options	1,220	$39.12
December 9, 2019	Stock Options	14,167	$38.52
December 16, 2019	Stock Options	4,083	$41.64
January 10, 2020	Stock Options	1,380	$27.24
January 17, 2020	Stock Options	913	$33.48
February 3, 2020	Stock Options	1,539	$30.00
February 10, 2020	Stock Options	16,807	$56.52
February 10, 2020	Stock Options	23,558	$24.96

Date of Issuance	Type of Security Issued	Number of Common Shares Issuable Upon Exercise or Conversion	Exercise or Conversion Price Per Common Share
February 20, 2020	Stock Options	1,345	$27.12
February 29, 2020	Stock Options	14,776	$21.72
March 23, 2020	Stock Options	2,706	$12.60
March 26, 2020	Stock Options	1,190	$12.72
April 6, 2020	Stock Options	898	$13.56
May 12, 2020	Stock Options	980	$10.45
May 25, 2020	Stock Options	593,695	$22.48
May 31, 2020	Stock Options	17,048	$19.27
June 10, 2020	Stock Options	328	$19.80
June 16, 2020	Stock Options	16,666	$17.94
June 24, 2020	Stock Options	666	$18.40
Warrants			
August 22, 2019	Warrants	13,706	$116.09
May 29, 2020	Warrants	76,789	$16.36
RSU and DSUs			
September 10, 2019	RSUs	43,600	$94.92
September 10, 2019	DSUs	2,765	$94.92
October 15, 2019	RSUs	446	$58.32
October 21, 2019	RSUs	911	$57.72
November 28, 2019	RSUs	848	$40.32
December 9, 2019	RSUs	4,167	$38.52
December 16, 2019	RSUs	842	$41.64
January 17, 2020	RSUs	161	$33.48
February 10, 2020	RSUs	3,578	$56.52
February 10, 2020	RSUs	197,974	$24.96
February 29, 2020	DSUs	4,834	$21.72
April 6, 2020	RSUs	100	$13.56
May 12, 2020	RSUs	232	$10.45
May 31, 2020	DSUs	5,448	$19.27
June 30, 2020	DSUs	736	$17.82

Notes:

(1) Excluded from the stock options issued above are 21,656 Common Shares issuable upon the exercise of Hempco stock options assumed from the Hempco acquisition on August 19, 2019. The Hempco stock options have a weighted average exercise price of $146.06.

ESCROWED SECURITIES

The following table includes the balance of escrowed securities as at June 30, 2020:

Designation of Class	Number of Securities held in Escrow [1]	Percentage of Class [2]
Common Shares	50,283	0.04%
Options	Nil	Nil
Warrants	Nil	Nil

Notes:

(1) Pursuant to an escrow agreement dated November 30, 2017,239,911 Common Shares were deposited into escrow with respect to the acquisition of H2 Biopharma Inc. The escrowed Common Shares were to be released upon achievement of certain milestones relating to the completion of construction of a production facility and receipt of relevant licenses to cultivate and sell medical cannabis. As of the date of this AIF, all applicable milestones have been achieved and the applicable quantities of Common Shares have been released. The balance of Common Shares held in escrow are pending cancellation.

(2) Based on 115,228,811 Common Shares issued and outstanding as at June 30, 2020.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets forth information regarding our directors and executive officers. Each of the directors is elected to hold office until the next annual meeting of the Company or until a successor is duly elected or appointed.

Name and Province or State and Country of Residence	Position with Aurora	Director or Officer Since	Principal Occupation(s) for the Last Five years [1]
Miguel Martin **Virginia, USA**	Chief Executive Officer and Director	July 2020	Chief Commercial Officer of Aurora; President of Aurora USA since May 28, 2020 and head of Reliva LLC since November 2018; former President/General Manager of Logic Technology Development LLC from August 2013 to January 2018.
Michael Singer **Quebec, Canada**	Executive Chairman	May 2016	Executive Chairman of Aurora; CPA, CGA, Consultant and Entrepreneur; Previously was independent Director and Chairman of the Board from May 2016 until February 2019; CFO of Clementia Pharmaceuticals Inc. from May 2015 until July 2018; CFO of Bedrocan Cannabis Corp. from May 2014 to June 2015.
Ron Funk [2] [3] [4] [5] **Ontario, Canada**	Lead Independent Director	July 2018	Owner of Funk Consulting (May 2009 to present).
Norma Beauchamp [3] [4] **Ontario, Canada**	Independent Director	July 2018	Director of Aurora; Self-employed public company director; past President and CEO, Cystic Fibrosis Canada.

Name and Province or State and Country of Residence	Position with Aurora	Director or Officer Since	Principal Occupation(s) for the Last Five years [1]
Margaret Shan Atkins [2] [3] Florida, USA	Independent Director	February 2019	Director of Aurora; Chartered Professional Accountant (CPA, CA) and Certified Public Accountant; Self-employed public company director (May 2003 to present); Owner of Chetrum Capital LLC (2002 to February 2018).
Adam Szweras [3] [4] Ontario, Canada	Independent Director	August 2015	Director of Aurora; Barrister & Solicitor; Partner at Fogler, Rubinoff LLP since February 2006; and Chairman of Foundation Markets Inc. since December 2005.
Michael Detlefsen [2] [5] Ontario, Canada	Independent Director	February 2020	Managing Director of Pomegranate Capital Advisors (2016 to present); former Managing Director at Muir Detlefsen & Associates (2007 to 2016).
Lance Friedmann [2] [5] Illinois, USA	Independent Director	February 2020	Retired (2015 to present); Independent public company director.
Glen Ibbott British Columbia, Canada	Chief Financial Officer	May 2017	Chief Financial Officer of Aurora; Chartered Professional Accountant (CPA, CA) and Certified Public Accountant; CFO of QLT Inc. from January 2015 to April 2017; Vice President of Finance of Nordion Inc. August 2010 to Dec 2014.
Allan Cleiren Alberta, Canada	Chief Operating Officer	May 2017	Chief Operating Officer of Aurora; Chartered Professional Accountant (CPA, CA); COO of Jardine Lloyd Thompson Canada Inc. from June 2016 to June 2017; Executive Vice-President of Universal Rail Systems Inc., from April 2012 to February 2016.
Jillian Swainson Alberta, Canada	Chief Legal Officer and Corporate Secretary	February 2018	Chief Legal Officer and Corporate Secretary of Aurora; Senior VP and General Counsel (January 2018 to February 2019); former Partner at Brownlee LLP.
Jonathan Page British Columbia, Canada	Chief Science Officer	November 2018	Chief Science Officer of Aurora; CEO at Anandia Laboratories (January 2014 to October 2018).
Debra Wilson Alberta, Canada	Executive Vice-President, Human Resources	June 2017	Executive Vice-President, Human Resources and former Chief Human Resources Officer of Aurora; Vice President, Human Resources of Aurora, June 2017 to August 2018; Instructor at Northern Alberta Institute of Technology, August 2016 to July 2017; Director of HR of Universal Rail from October 2013 to March 2016; VP of HR & OD of Alberta Pensions Services from January 2011 to October 2016.
Darryl Vleeming Alberta, Canada	Executive Vice-President, Information Services	October 2017	Executive Vice-President, Information Services and former Chief Information Officer of Aurora; Chief Information Officer at Capital Power (August 2006 to September 2017).

Name and Province or State and Country of Residence	Position with Aurora	Director or Officer Since	Principal Occupation(s) for the Last Five years [1]
Andre Jerome Quebec, Canada	Executive Vice-President, Global Business Development	November 2019	Executive Vice-President, Integrations; former Chief Integrations Officer of Aurora from November 2019 to June 2020; former SVP Integrations from February 2018 to November 2019; CEO of H2 Biopharma Inc. from September 2014 to February 2018.

Notes:

(1) The information as to the principal occupation, business or employment is not within the knowledge of the Company and has been furnished by the respective director.

(2) Member of the Audit Committee

(3) Member of the Human Resources and Compensation Committee

(4) Member of the Nominating and Corporate Governance Committee

(5) Member of the Science and Innovation Committee

As of the date of the AIF, our directors and executive officers, as a group, beneficially owned, directly or indirectly, or exercised control or direction over approximately 108,000 Common Shares, representing approximately 0.09% of the issued and outstanding Common Shares. The statement as to the number of Common Shares beneficially owned directly or indirectly, or over which control or direction is exercised by the directors and executive officers of the Company as a group is based upon information furnished by the directors and executive officers.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as described below, no director or executive officer of the Company is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that:

(a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Adam Szweras was appointed as a director for Mahdia Gold Corp.'s (" **Mahdia**") on April 14, 2016. Mahdia was a Canadian Securities Exchange listed company until February 4, 2016. Mahdia has been subject to a cease trade order since March 13, 2015, due to not filing its financial statements and management's discussion and analysis pursuant to NI 51-102. Mahdia was subject to the cease trade order prior to Adam joining the Board, and he resigned as a director on May 28, 2018.

Adam Szweras was appointed as a director of Harborside Inc. (" **Harborside**") on May 30, 2019. On June 9, 2020, the Ontario Securities Commission (the "**OSC**") granted Harborside a management cease trade order in respect of the delayed filing of its audited annual financial statements and corresponding management's discussion and analysis for the year ended Dec. 31, 2019 due to the continued impact of COVID-19. In addition, the OSC issued a temporary cease trade order in connection with Harborside's previously announced proposed refiling of certain historical financial statements for the fiscal years ended Dec. 31, 2017 and 2018, and the interim periods ended March 31, 2019, June 30, 2019, and Sept. 30, 2019, and any corresponding management's discussion and analyses due primarily to changes in the application of accounting treatments related to certain transactions by its reverse takeover acquirer, FLRish Inc. The annual filings and restated 2017 and 2018 financial statements were filed, and the cease trade was revoked effective August 31, 2020.

No director or executive officer of the Company, nor a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No director or executive officer of the Company has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the BCBCA dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and the best interest of the Company.

LEGAL PROCEEDINGS

During the financial year ended June 30, 2020, the Company has been a party to (or any of its property is subject to) the following legal proceedings outside of the ordinary course of the Company's business:

- On November 21, 2019, a purported class action proceeding was commenced in the United States District Court for the District of New Jersey against the Company and certain of its directors and officers on behalf of persons or entities who purchased, or otherwise acquired, publicly traded Aurora securities between October 23, 2018 and January 6, 2020. The complaint(s) alleges, inter alia, that the Company and certain of its officers and directors violated the federal securities laws by making false or misleading statements, materially overstated the demand and potential market for the Company's consumer cannabis products; that the Company's ability to sell products had been materially impaired by extraordinary market oversupply, that the Company's spending growth and capital commitments were slated to exceed our revenue growth; that the Company had violated German law mandating that companies receive special permission to distribute medical products exposed to regulated irradiation techniques, and that the foregoing, among others, had negatively impacted the Company's business, operations, and prospects and impaired the Company's ability to achieve profitability. A lead plaintiff has been appointed and an amended complaint was filed and served on September 21, 2020. We dispute the allegations in the complaints and intend to vigorously defend against the claims.

- The Company and its subsidiary, Aurora Cannabis Enterprises Inc., have been named in a purported class action proceeding which commenced on June 18, 2020 in the Province of Alberta in relation to the alleged mislabeling of cannabis products with inaccurate THC/CBD content. The class action involves a number of other parties including Aleafia Health Inc., Hexo Corp, Tilray Canada Ltd., among others, and alleges that upon laboratory testing, certain cannabis products, including Aurora Sativa Drops, lot number 1102019000120 were found to have lower THC potency than the labeled amount, suggesting, among other things, that plastic containers may be leeching cannabinoids. This matter is ongoing, and an amended statement of claim was filed on July 20, 2020. The Company disputes the allegations and intend to vigorously defend against the claims.

- A claim was commenced by a party to a former term sheet on June 15, 2020 with the Queen's Bench of Alberta against Aurora and a former officer alleging a claim of breach of obligations under said term sheet, with the plaintiff seeking $18,000,000 in damages. While this matter is ongoing, the Company believes the action to be without merit and intends to defend the claim.

- On August 10, 2020, a purported class action lawsuit was filed with the Queen's Bench of Alberta against Aurora and certain executive officers in the Province of Alberta on behalf of persons or entities who purchase, or otherwise acquired, publicly traded Aurora securities and suffered losses as a result of Aurora releasing statements containing misrepresentations during the period of September 11, 2019 and December 21, 2019. The Company disputes the allegations and intend to vigorously defend against the claims.

We are subject to litigation and similar claims in the ordinary course of business, including claims related to employment, human resources, product liability and commercial disputes. We have received notice of, or are aware of, certain possible claims against us where the magnitude of such claims is negligible or it is not currently possible for us to predict the outcome of such claims, possible claims and lawsuits due to various factors including: the preliminary nature of some claims; an incomplete factual record; and the unpredictable nature of opposing parties and their demands. Management is of the opinion, based upon legal assessments and information presently available, that it is unlikely that any of these claims would result in liability to the Company, to the extent non provided for through insurance or otherwise, would have a material effect on our consolidated financial statements, other than the claims described above.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this AIF and in the consolidated financial statements of the Company for the year ended June 30, 2020, to the best of the Company's knowledge, none of the directors or executive officers of the Company, or any shareholders who beneficially own, control or direct, directly or indirectly, more than 10% of the Company's outstanding Common Shares, or any known associates or affiliates of such persons, had any material interests, direct or indirect, in any transaction within the three most recently completed financial years or during the current year that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRARS

The Company's Registrar and Transfer Agent is Computershare Investor Services Inc., located at 510 Burrard Street, 3 rd Floor, Vancouver, British Columbia, V6C 3B9.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts entered into by the Company during the 12-month period ended June 30, 2020 which are material, or entered into before the 12-month period ended June 30, 2020, but are still in effect and which are required to be filed with Canadian securities regulatory authorities in accordance with Section 12.2 of National Instrument 51-102 – *Continuous Disclosure Obligations,* are the following:

- the Master Services Agreement with Radient;
- the acquisition of Anandia on August 8, 2018;
- the Arrangement Agreement with MedReleaf on July 25, 2018; and

- The Credit Facility with Bank of Montreal, as amended.

INTEREST OF EXPERTS

Name of Experts

The following are the persons or companies who were named as having prepared or certified a statement, report or valuation in this AIF either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the person or company:

KPMG LLP, the Company's independent auditors, has prepared an independent audit report dated September 24, 2020 in respect of the Company's audited consolidated financial statements for the years ended June 30, 2020 and 2019.

Interests of Experts

KPMG LLP, auditors of the Company, have confirmed that they are independent of the Company within the meaning of the 'Rules of Professional Conduct' of the Chartered Professional Accountants of British Columbia.

AUDIT COMMITTEE

The Company's audit committee has various responsibilities as set forth in NI 52-110 made under securities legislation, concerning constitution of its audit committee and its relationship with its independent auditor and among such responsibilities being a requirement that the audit committee establish a written charter that sets out its responsibilities.

Composition of the Audit Committee

At the present time, the Company's Audit Committee is composed of the following members:

Member	Independent/Not Independent [1]	Financially Literate/ Not Financially Literate [2]	Relevant Education and Experience
Margaret Shan Atkins (Chair)	Independent	Financially Literate	Margaret Shan is a chartered public accountant in Canada, a certified public accountant in the United States and holds an MBA from Harvard Business School and a Bachelor of Commerce (with honours) through Queens University. She is considered a "Financial Expert" as defined by the SEC and has acted as an independent director and as chair of the audit committee for a number of public companies.
Ron Funk	Independent	Financially Literate	Ron holds an MBA from Kellogg-Schulich and has been providing consulting services since 2009. He previously served on the Board of MedReleaf prior to its acquisition by the Company, where he served as a member of its audit committee.
Michael Detlefsen	Independent	Financially Literate	Michael holds a Bachelor of Commerce (with honours) from Queen's University and a Master's in Public Policy from Harvard Kennedy School, and is considered a "Financial Expert" as defined by the SEC. He has served on audit committees of several public and private companies and is a private equity investor in multiple businesses, requiring extensive financial and accounting knowledge.
Lance Friedmann	Independent	Financially Literate	Lance holds a BA in Economics from Stanford University and an MBA from Harvard Business School, and has 40 years' experience in business, with continuous exposure to financial data throughout his career.

Notes:

(1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company that could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.

(2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Audit Committee Charter

A copy of the charter of the audit committee is available as Schedule "A" to this AIF.

Audit Committee Oversight

The Audit Committee has not made any recommendations to the Board to nominate or compensate any auditor other than KPMG for the fiscal year ended June 30, 2020.

Reliance on Certain Exemptions

At no time has the Company relied on an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services, other than as set out in the audit committee charter.

External Auditor Service Fees (By Category)

The Audit Committee has reviewed the nature and amount of the audit services provided by KPMG to the Company to ensure auditor independence. The aggregate fees billed by the Company's external auditor during the financial years ended June 30, 2020 and June 30, 2019 are as follows:

Financial Period Ending	Audit Fees ($)[1]	Audit Related Fees ($)[2]	Tax Fees ($)[3]	All Other Fees ($)[4]
2020	2,856,480	231,120	255,010	—
2019	1,395,500 [5]	279,341 [5]	967,352	—

Notes

(1) "Audit Fees" includes fees for the performance of the annual audit and quarterly reviews of the financial statements, which includes the audit of significant transactions and matters.
(2) "Audit-Related Fees" includes fees for assurance related services that have not been reflected under (1). This includes, but is not limited to, services in connection with registration statements such as due diligence procedures or issuance of comfort letters and audit or attest services not required by legislation or regulation.
(3) "Tax Fees" includes fees for tax compliance, tax planning, tax structuring and tax advice.
(4) "All Other Fees" refers to fees for ad hoc projects, which include reviews of prospectus and financing documents.
(5) Fees related to prospectus and related assistance to underwriters of $260,000 were moved from Audit Fees to Audit Related Fees.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under the Company's equity compensation plans, as applicable, is contained in the Company's Management Information Circular for its most recent Annual General Meeting.

Additional financial information is provided in the Company's Audited Consolidated Financial Statements and Management's Discussion and Analysis for the year ended June 30, 2020 which may be obtained upon request from Aurora's head office, or may be viewed on the Company's website (https://investor.auroramj.com/investor-info/financial-reports/).

SCHEDULE "A"
AUDIT COMMITTEE CHARTER

Purpose

The primary purpose of the Audit Committee ("the Committee") of the Board of Directors ("the Board") of Aurora Cannabis Inc. ("Aurora" or "the Company") shall be to act on behalf of the Board in fulfilling the Board's oversight responsibilities with respect to:

(i) The integrity of the Company's financial statements;

(ii) The Company's compliance with legal and regulatory requirements;

(iii) The independent auditor's qualifications and independence;

(iv) The performance of the Company's internal audit function and independent auditor; and

(v) Treasury matters, including debt and equity financing decisions and the maintenance of adequate liquidity.

The policy of the Committee, in discharging these obligations, shall be to maintain and foster an open avenue of communication between the Committee, the Auditors, and the Company's financial management teams.

Composition

The Committee shall consist of at least three (3) members of the Board and shall satisfy the independence and financial literacy requirements imposed by the applicable securities legislation and by any stock exchange policies on which any of the Company's capital stock is listed, including any exceptions permitted by such requirements.

Term of Office

The members of the Committee will be appointed or re-appointed by the Board on an annual basis. Each member of the Committee will continue to be a member thereof until such member's successor is appointed, or until such member resigns or is removed by the Board. The Board may remove or replace any member of the Committee at any time. However, a member of the Committee will automatically cease to be a member of the Committee upon either ceasing to be a Director of the Board or ceasing to meet the requirements established, from time to time, by any Regulators. Vacancies on the Committee will be filled by the Board.

Chair

The Board will appoint the Chair of the Committee annually, to be selected from the members of the Committee. If, in any year, the Board does not make an appointment of the Chair, the incumbent Chair will continue in office until that Chair's successor is appointed.

Meetings and Minutes

The Committee will meet at least once during each fiscal quarter and hold such meetings as its members shall deem necessary or appropriate. Minutes of each meeting of the Committee shall be prepared and distributed to each Director of the Company.

Quorum

A quorum at any meeting will be a simple majority of Committee members, provided that if the number of Committee members is an even number, one half of the number plus one shall constitute a quorum.

Duties and Responsibilities

The Audit Committee is appointed by the Board of Directors of the Company (the "Board") to oversee the accounting and financial reporting process of the Company and audits of the financial statements of the Company. The Audit Committee's primary duties and responsibilities are to:

Interaction with the Independent Auditor:

(a) *Appointment and Oversight.* The Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor (including resolution of any disagreements between Company management and the independent auditor regarding financial reporting) and any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or related work or performing the audit, review or attest services for the Company, and the independent auditor and such other registered public accounting firm must report directly to the Committee. The Committee must pre-approve any audit and non-audit service provided to the Company by the independent auditor, unless the engagement is entered into pursuant to appropriate preapproval authority delegated to the Chair of the Committee under policies established by the Committee. Any services pre-approved by the Chair must be ratified by the full Committee at its next regularly scheduled meeting.

(b) *Annual Report on Independence and Quality Control.* The Committee must, as least annually, obtain and review a report from the independent auditor describing:

(i) The auditing firm's internal quality-control procedures;

(ii) Any material issues raised by the most recent internal quality-control review or peer review of the auditing firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years relating to any independent audit conducted by the auditing firm, and any steps taken to deal with any such issues; and

(iii) All relationships and services between the independent auditor and the Company in order to assess the independent auditors' independence.

Annual Financial Statements and Annual Audit

(c) *Audit Problems.* The Committee must discuss with the independent auditor any audit problems or difficulties and management's response.

(d) *Annual Report on Form 20-F Review.* The Committee must review and discuss the annual audited financial statements with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(e) *Audit Committee Report.* The Committee must provide the Company with the report of the Committee with respect to the audited financial statements for inclusion in each of the Company's annual proxy statements.

Quarterly Financial Statements

(f) *Form 10-Q Review.* The Committee must review and discuss the quarterly financial statements with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(g) *Approval.* The Committee, as delegated by the Board, has the authority to approve the quarterly financial statements and accompanying "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the first three quarters of each fiscal year, as permitted by statute.

Other Duties and Responsibilities

(h) *Enterprise Risk and Assurance.* The Enterprise Risk and Assurance ("ERA") function provides management and the Audit Committee with ongoing assessment and information regarding the Company's risk management processes and system of internal control, including the delivery of internal audit services and assurance projects. ERA will report functionally to the Audit Committee and administratively to the Chief Financial Officer. Oversight responsibilities of the Committee include:

(i) *Implementation.* The Committee must assist with Board oversight of the design and implementation of the ERA function.

(ii) *Risk Assessment and Risk Management.* The Committee must discuss the Company's policies with respect to risk assessment and risk management.

(iii) *Enterprise Risk and Assurance Charter.* The Committee must approve the Enterprise Risk and Assurance Charter, any significant revisions thereto, as well as receive communication from the function's leadership at least annually, confirming the scope, mandate, and independence of the ERA function.

(iv) *Annual Risk-Based Audit and Advisory Plan.* The Committee must annually approve the annual Risk-Based Audit and Advisory Plan and associated budget, which includes the planned projects for the upcoming fiscal year, as well as any significant changes to the plan during the fiscal year to accommodate changes in circumstances and any ad-hoc Committee or management requests.

(v) *Quarterly Reporting.* The Committee must receive quarterly communications from the function's leadership on performance relative to the Risk-Based Audit and Advisory Plan, results of planned projects, the ERM Framework, and other matters.

(vi) *Function Performance.* The Committee must annually assess the effectiveness of the ERA function, provide input into the performance appraisal process for the Senior Director, Enterprise Risk and Assurance and approve any decisions regarding the appointment and removal of the Senior Director, Enterprise Risk and Assurance.

(i) *Review of Earnings Releases.* The Committee must discuss the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

(j) *Oversight of Treasury Functions.* The Committee must provide oversight of liquidity and broader balance sheet management by the Company, including debt and equity financing decisions.

(k) *Hiring of Independent Auditor Employees.* The Committee must set clear hiring policies for employees or former employees of the Company's independent auditor.

(l) *Complaint Procedures.* The Committee must establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential and anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.

(m) *Reports to the Board of Directors.* The Committee must report regularly to the Board regarding the activities of the Committee.

(n) *Committee Self-Evaluation.* The Committee must at least annually perform an evaluation of the performance of the Committee.

Pre-Approval of Non-Audit Services

The Audit Committee may delegate to the Chair the authority to pre-approve non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor. The pre-approval of non-audit services must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.

The Audit Committee may satisfy its duty to pre-approve non-audit services by adopting specific policies and procedures for the engagement of the non-audit services, provided the policies and procedures are detailed as to the particular service, the Audit Committee is informed of each non-audit service and the procedures do not include delegation of the Audit Committee's responsibilities to management.

External Advisors

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the external auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties.

External Auditors

The external auditors are ultimately accountable to the Audit Committee and the Board, as representatives of the shareholders. The external auditors will report directly to the Audit Committee. The Audit Committee will:

(a) review the independence and performance of the external auditors and annually recommend to the Board the nomination of the external auditors or approve any discharge of external auditors when circumstances warrant;

(b) approve the fees and other significant compensation to be paid to the external auditors;

(c) on an annual basis, review and discuss with the external auditors all significant relationships they have with the Company that could impair the external auditors' independence;

(d) review the external auditors' audit plan to see that it is sufficiently detailed and reflects any significant areas of focus that the Audit Committee deems important;

(e) before the financial statements are issued, discuss certain matters required to be communicated to audit committees in accordance with the standards established by Chartered Professional Accountants Canada (CPA Canada);

(f) consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting;

(g) resolve any disagreements between management and the external auditors regarding financial reporting;

(h) approve in advance all audit services and any non-prohibited non-audit services to be undertaken by the external auditors for the Company; and

(i) receive from the external auditor's timely reports of:

(i) any and all critical accounting policies and key audit matters;

(ii) any alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditors, together with rationale; and

(iii) any other material written communications between the external auditors and management.

Legal Compliance

On at least an annual basis, the Audit Committee will review with the Company's legal counsel any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies.

Complaints

Individuals are strongly encouraged to approach a member of the Audit Committee with any complaints or concerns regarding accounting, internal accounting controls or auditing matters. The Audit Committee will from time to time establish procedures for the submission, receipt and treatment of such complaints and concerns. In all cases the Audit Committee will conduct a prompt, thorough and fair examination, document the situation and, if appropriate, recommend to the Board appropriate corrective action.

To the extent practicable, all complaints will be kept confidential. The Company will not condone any retaliation for a complaint made in good faith.

Review and Disclosure

The Committee will annually review and reassess this Charter as it deems appropriate and submit any recommend changes to the Board for approval.

The Committee will ensure that this Charter is disclosed on the Company's website and that this Charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements.

Last presented for review and approval to, and so approved by the Board of Directors on June 8, 2020.

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Aurora Cannabis Inc.

We, KPMG LLP, consent to the use of our reports, each dated September 24, 2020, with respect to the consolidated financial statements and the effectiveness of internal control over financial reporting as of June 30, 2020, which reports are included in this annual report on Form 40-F of Aurora Cannabis Inc. (the Company).

Our report on the consolidated financial statements refers to a change in accounting policy for inventory costing of by-products and a change in the accounting for leases due to the adoption of IFRS 16, *Leases*.

Our report dated September 24, 2020, on the effectiveness of internal control over financial reporting as of June 30, 2020, expresses our opinion that the Company did not maintain effective internal control over financial reporting as of June 30, 2020 because of the effect of material weaknesses on the achievement of the objectives of the control criteria and contains an explanatory paragraph that states the Company had an ineffective continuous risk assessment process and insufficient resources to adequately assess risk and implement controls, pervading control deficiencies within information technology general and application controls, insufficient evaluation of controls maintained by service organizations, ineffective control activities surrounding certain complex spreadsheets, and a lack of segregation of duties and ineffective controls over the preparation, review and approval, and associated documentation of journal entries.

Our report dated September 24, 2020, on the effectiveness of internal control over financial reporting as of June 30, 2020, contains an explanatory paragraph that states that the Company acquired Reliva LLC during 2020, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of June 30, 2020, Reliva LLC's internal control over financial reporting associated with approximately 0.7% of the Company's current assets, 0.2% of total assets, 0.4% of current liabilities, 0.2% of total liabilities, as well as 0.2% of net revenues and 0% of net loss included in the consolidated financial statements of the Company as of and for the year ended June 30, 2020. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Reliva LLC.

We, KPMG LLP, also consent to the incorporation by reference of such reports in the Registration Statement (333-230692) on Form F-10/A of the Company.

/s/ KPMG LLP

Chartered Professional Accountants
September 24, 2020

Vancouver, Canada